WORK SESSION AGENDA

BOARD OF CLALLAM COUNTY COMMISSIONERS

223 East 4th Street Room 160

Port Angeles, Washington

Monday, October 18, 2021 – 8:00 a.m.

****ATTENTION****

In response to the current pandemic, to promote social distancing, and in compliance with Governor's Proclamation and the recommendation of the Clallam County Health Officer, the Board of Commissioners meetings will be virtual only. The Board of Commissioners strongly encourages public comments to be submitted in writing.

This meeting can be viewed on a live stream at this link: http://www.clallam.net/features/meetings.html

If you would like to participate in the meeting via Zoom audio only, call 253-215-8782 and use meeting ID: 875 561 7844 and passcode: 12345

If you would like to participate in the meeting via Zoom video conference, visit https://zoom.us/j/8755617844 and use meeting ID: 875 561 7844 and passcode: 12345

Public comment and questions can be directed to the Clerk of the Board at 360-417-2256 or agores@co.clallam.wa.us.

Administration – 9 a.m.

1. Calendar/Correspondence

2. Agreement and request for waiver of BID/RFP/Quote requirement for Tek84 Inc.

   Agreement

3. Agreement with Washington State Traffic Safety Commission for Sheriff's Office Patrol overtime reimbursement related to Target Zero Task Force

   Agreement

Community Development

5. Agreement with the Washington State Department of Ecology for funding for operations and projects related to the Northwest Straits Grant

   Agreement

Public Works

4. Six-Year Transportation Improvement Program

   Six-Year Transportation Improvement Program

Board of Commissioners

6. Olympic National Forest update – 10:30 a.m.

   Olympic National Forest update

7. Resolution appointing Jeff Carter to the Planning Commission

   Resolution

8. Resolution appointing Ruth Scott to the Port Crescent Pioneer Cemetery Advisory Board

   Resolution

9. Letter of rescinded funding support for Washington State Public Works Board Broadband grant

   Letter of rescinded funding support

Budget

10. Agreement with Peninsula Behavioral Health for American Rescue Plan Act funds (2g)*

    Agreement

11. Agreement with Peninsula Housing Authority for American Rescue Plan Act funds (2h)*

    Agreement

Continued Work Session - 1 p.m.

12. 5 year Capital Plan Discussion

Discussion

General Discussion/Items for Future Agendas

A. Olympic Discovery Trail discussion (October 25)

B. Joint Meeting with the Port of Port Angeles (October 25 - Cancelled)

C. Continued Work Session – Topic TBD (November 8 at 1 p.m.)

D. Department of Natural Resources Meeting (November 30 at 1 p.m.)

E. Continued Work Session – Topic TBD (December 13 at 1 p.m.)

F. Shoreline Master Program update (January 11, 2022)

EXECUTIVE SESSION
The Board may recess into Executive Session to consider employment or dismissal of personnel, to review the performance of a public employee, to consult with legal counsel, to consider the position to be taken in collective bargaining, to consider acquisition or sale of real estate, or other matters per RCW 42.30.110

- Other items may be added at the discretion of the Board and additional Work Sessions may be scheduled if more time is needed to allow for adequate discussion.
- Written testimony presented by members of the public during the Board meeting is considered a public document and must be submitted to the Clerk of the Board.
- Copies of public documents from Board meetings are available by contacting the Public Records Department.

2
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Sheriff

WORK SESSION ☒ **Meeting Date: 10/18/21**

REGULAR AGENDA ☒ **Meeting Date: 10/26/21**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing ☒ Contract/Agreement/MOU - Contract # 815-21-02

☐ Resolution ☐ Proclamation ☐ Budget Item

☐ Draft Ordinance ☐ Final Ordinance ☒ Request for Waiver of Bid

Documents exempt from public disclosure attached: ☐

Executive summary:
Agreement/Purchase Order with Tek84 Inc for purchase of the Tek84 Intercept Full Body Scanner System. This system includes a thermal scanner, shipping, installation, on-site training, and three years of warranty from the time of installation. This system will be installed in the correctional facility to scan incoming inmates, minimizing the amount of time and physical proximity needed to conduct a search for contraband. Due to the size constraints of the available space within the correctional facility, this full body scanning system is the only product on the market that will physically fit, due to its ultra-compact footprint. This unique capability to fulfill requirements makes this product eligible for a Waiver of Bid.

Budgetary impact:
This purchase request was presented to the BOCC September 27, 2021, and was approved as an expenditure of American Rescue Plan Act (ARPA) funding. The complete purchase including shipping, installation, training, warranty, and taxes amounts to $183,872.00.

Recommended action:
Approval by the Board of Commissioners on the Agreement/Purchase Order and the Request for Waiver of Bid Form.

County Official signature & print name: W.L. Benedict, Sheriff W L Benedict

Name of Employee/Stakeholder attending meeting: Don Wenzl, Chief Corrections Deputy

Relevant Departments: Sheriff

Date submitted: 10/13/21

---

* Work Session Meeting - Submit 1 single sided/not stapled copy
** Regular Meeting – Submit 1 single sided/not stapled copy and originals (1 or 3 copies)

Agenda Item Summary
Revised: 3-04-2019

Questions? Call Loni Gores, Clerk of the Board, ext 2256

REQUEST FOR WAIVER OF BID/RFP/QUOTE REQUIREMENT

Department: **Sheriff's Office**

Date: 10/08/21 Contract Number: 815-21-02

Pursuant to Clallam County Code Chapter 3.12, and Administrative Policy 560, a waiver of the Bid/RFP/Quote requirement for purchases of goods or services is requested.

Goods or Services to be Purchased: Intercept Full-Body Security Scanning System

Cost of Purchase: $183,872.00

Vendor to be Awarded Contract:
Tek84 Inc.

I certify that after diligent inquiry, to the best of my knowledge the vendor indicated above is the sole provider of the goods/services detailed in this document.

By: W H Benedict
County Official Signature

Approved this _____ day of _____ 2021

BOARD OF CLALLAM COUNTY COMMISSIONERS

_____
Mark Ozias, Chair

Tek84

October 4th, 2021

Chief Corrections Deputy Don Wenzl
Clallam County Sheriff's Office
223 E. 4th Street, Suite 12
Port Angeles, WA 98362
(360) 417-2356

Chief Wenzl,

I, the undersigned, hereby affirm that the Intercept Full-Body Scanner is a product of Tek84 Inc., Security Product Line. The Intercept is uniquely designed, and the following features are exclusive to the product. There are no full-body scanner systems in marketplace production that can meet these combined specifications.

1) **The Intercept is the only full-body scanner that uses an X-ray beam that images below the subject's feet to above their head to assure accurate proportional imaging with no magnification or distortion. It does not require the subject to move on a platform or conveyer belt during the imaging process (Vertical Scanning).**
2) **The Intercept is the only full-body scanner with the ultra-compact 34" x 72" footprint design.**
3) **The Intercept is the only full-body scanner with an exclusion zone equal to the 34" x 72" footprint.**
4) **The Intercept is the only full-body scanner proven waterproof up to four inches of height from the ground.**
5) **The Intercept is the only full-body scanner with Dual Virtual Wall Technology to assure that the subject stands correctly while being scanned to minimize radiation dose per ANSI/HPS N43.17-2009.**
6) **The Intercept is the only full-body scanner that provides a photo, three images, scan#, name, time date stamp, comment, unit name, institution name, JMS #, and Operator embedded on .jpg file for evidentiary purposes.**
7) **The Intercept is transportable, and it is not permanently anchored to the floor.**
8) **The Intercept has a 4 second scan time.**
9) **The Intercept is the only full-body scanner with an optional integrated and FDA-approved thermal temperature scanner with embedded record keeping.**

The combination of these features qualifies it for Sole Sourcing for your purchase. Additionally, our system has now received four patents (First patent # 10481295).

Tek84 Inc. products are 100% developed and assembled in the USA.

Please do not hesitate to contact me at 916-606-0733 with further questions. Thank you.

Respectfully,

Brian Amos
Western Regional Sales Manager – Public Safety Advisor
Tek84 – Cell (916) 606-0733

INTERCEPT™



Full Body Scanner– External and Internal



Detects both metallic and nonmetallic threats, including weapons, drugs, cell phones and other contraband. Screens from below the feet to above the head, revealing items under the clothing and within the body.

- ✓ Widely used in US jails
- ✓ Subject doesn't move
- ✓ Quick 3.8 second scan
- ✓ Ultra-small footprint
- ✓ 2-hour installation
- ✓ Photo ID tied to scan
- ✓ Buy with Covid ARP funds!!

Tek84
Advanced Security Screening

MADE IN THE USA

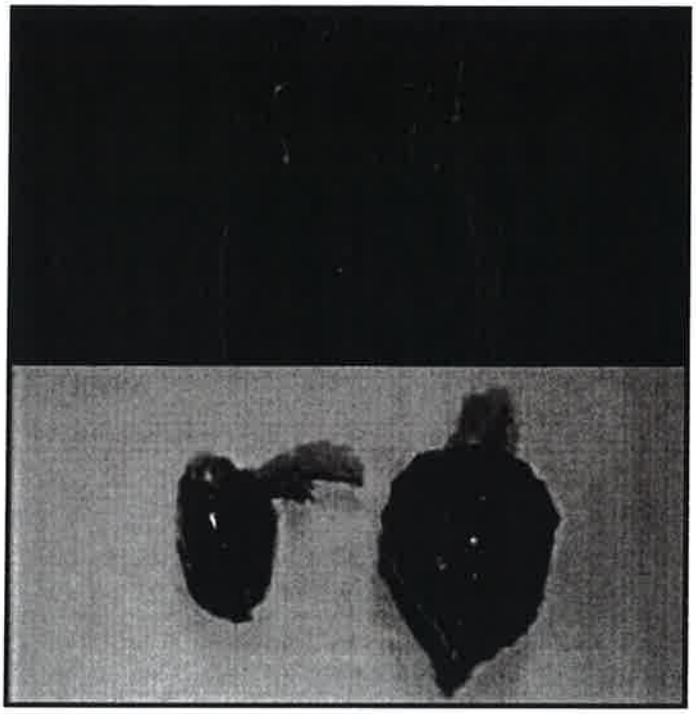
The Critical Difference: Vertical Scanning

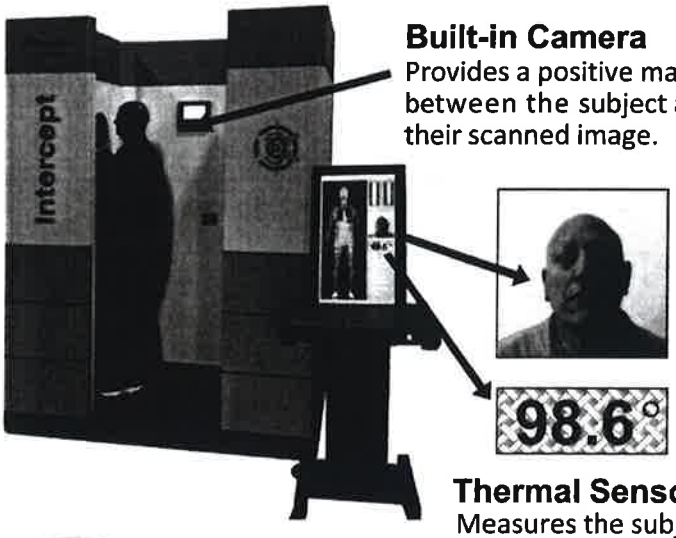
Intercept is a true breakthrough. Other scanners require the person to stand for 7-14 seconds on a moving conveyor belt or platform, transporting them *horizontally* through the x-ray beam. Intercept's patented technology is different; the subject remains stationary, while the scanning apparatus moves *vertically* around them. Why is this better?

- **Best image quality, lowest dose.** Because the beam always passes through the minimum body thickness.
- **Subject safety.** Subjects are often handcuffed, intoxicated, and/or combative. The last place you want them standing is on moving equipment.
- **A quick 3.8 second scan.** Other body scanners require 7-14 seconds, the fastest you can move a person on a conveyor.
- **Ultra-small footprint.** At only 34" deep and 72" wide, Intercept can fit just about anywhere. The footprint of other scanners needs to be about 8' x 8' to move the person.
- **Ultra-small safety zone.** Federal standards require a safety zone around body scanners, where operators and bystanders are prohibited during operation. This is typically a *20' diameter circle* around other scanners. Intercept's unique construction allows sophisticated internal radiation shielding, making the safety zone nothing more than the *footprint of the scanner*.
- **Easy Installation and Relocation.** Intercept installs like a refrigerator. It ships fully assembled on wheels, rolls through standard doorways, and plugs into a standard wall socket. A typical installation is 2-hours. Other scanners are too large to install this way; they ship on multiple pallets and build on site.

Case Study: Internal Detection of Drugs

An actual seizure from a US Jail in 2020. A routine scan at booking showed a dark anomaly, consistent with an object concealed in the rectum. When confronted, the subject removed two balloons, one containing cannabis gummies and the other sleeping pills.





Built-in Camera
Provides a positive match between the subject and their scanned image.

Thermal Sensor
Measures the subject temperature, detects fevers, fights Covid.



Dual Virtual-Wall

- Detects if the subject is out of position
- Notifies the operator
- Prevents scanning
- Stops in-progress scans
- ANSI N43-17 Compliant
- Configurable for local requirements

MADE IN THE USA

Tek84 proudly makes Intercept in the USA. Competing products are imported from China, Brazil, Belarus & Western Europe.

Join Hundreds of Jails & Prisons Using CARES and ARP Funds to Buy Body Scanners

Intercept detects concealed threats while reducing Covid transmission– making it an ideal purchase for your unused CARES and American Rescue Plan funds. One staff member can screen up to 180 subjects per hour while maintaining the required 6-foot Covid-safe distance. An FDA approved thermal camera measures the body temperature of each subject to provide an indication of Covid-19 and other infections.

Clallam County Sheriff's Office

PURCHASE ORDER

SHIP TO:
CLALLAM COUNTY SHERIFF'S DEPT
223 East 4th Street, Suite 20
Port Angeles, WA 98362

BILL TO:
CLALLAM COUNTY
Accounts Payable
223 East 4th Street, Suite 12
Port Angeles, WA 98362
360-417-2567

VENDOR NAME:	Tek84 Inc.	CONTRACT/P.O. #	815-21-02
ADDRESS:	13495 Gregg Street		
	Poway, CA 92064	DATE:	10/8/2021
PHONE:	916-606-0733 (Brian Amos, Western Regional Sales Manager)		
EMAIL:	brian.amos@tek84.com		

QTY	STOCK NUMBER	ITEM ORDERED	UNIT PRICE	TOTAL
		Information as per Quote 2020-11-20R1, dated 10/7/21		
1	SSD-017-1002	**Tek84 Intercept Full-Body Security Scanning System:**	159000	$159,000.00
		High Strength Aluminum Unibody Frame		
		160Kv Monoblock Oil Cooled Generator		
		34" x 72" x 90" (79" top removed) footprint		
		4 Second scan time		
		Variable Scanning dosage with three techniques, beginning at 0.25uSv		
		In Accordance with ANSI/HPS N43-17-2009 radiation Safety Standard		
		Tethered Ethernet Connected Workstation with 27" Vertically Mounted Touch Screen Monitor PC with Windows 10 Operating System		
		Transportable on Built In Heavy Duty Caster System with Corner Stabilizer Feet		
		16 Million Gray Scale Levels		
		110V/60hz 1Kva		
		One-year warranty covering parts, labor, and support from time of installation		
1	SSD-017-9950	**FDA Approved Thermal Scanner with Temperature measurement**	INC	INC
1	INT-INSTALL	**1/2 Day Installation**	INC	INC
1	INT-TRAINING	**2.5 Days Formal On-Site Operator Training**	INC	INC
1	INT-WARRANTY-2	**Additional warranty period of two years covering parts, labor, and support upon expiration of initial warranty and support period**	10000	$10,000.00
1	INT-SHIPPING	**Shipping Costs from Poway, CA to Port Angeles, WA**	INC	INC
		SUBTOTAL		$169,000.00
		PORT ANGELES, WA SALES TAX	8.80%	$14,872.00
		TOTAL		$183,872.00

Terms & Conditions

DAP: Destination 223 E. 4th Street, suite 20, Port Angeles, WA 98362
Payment Terms: Net 30 Days from Date of delivery
Expiration: December 10, 2021

Agreement is subject to the Tek84 Terms & Conditions (attached), with the following modifications superseding the original:

Section 8. Payment Terms

The phrases "date of invoice" and "date of such invoice" will be replaced with "date of delivery", so that the sentences read as follows:

Unless otherwise set forth in Seller's invoice, Buyer shall pay the invoice in full in each case no later than thirty (30) days from the date of delivery.

Interest at the rate of one and one-half percent (1.5%) per month or the maximum rate allowed by applicable law, whichever is lower, may be charged on past due Buyer accounts commencing after the last day of the first calendar month following the date of delivery.

The phrase "whenever , in its opinion, the financial condition of Buyer so warrants" will be replaced with "upon written agreement with Buyer", so that the sentence reads as follows:

Seller may require full or partial payment or payment guarantee in advance of shipment upon written agreement with Buyer.

Section 16. Buyer's Indemnification Obligations

The addition of the following sentence at the end of the existing paragraph:

However, nothing herein shall require the Buyer to indemnify or hold harmless the Seller or any other party for any claims which arise as the result of the Seller's, or the seller's officers', employees', or agents' negligence, recklessness, or intentional acts.

W.L. Benedict, Sheriff — Date: 10/13/21

Mark Ozias, Chair of the Board — Date

Don Wenzl, Chief Corrections Deputy #201 — Date: 10/13/2021

Brian Amos, Tek84 Western Regional Sales Manager — Date: 10/13/21

Agreement Approved as to Form — Date

Clallam County Prosecuting Attorney

Clallam County Corrections Facility
ATTN: Chief Corrections Deputy Don Wenzl
223 E. 4th Street Suite 12
Port Angeles, WA 98362
dwenzl@co.clallam.wa.us

October 7, 2021

Please see the quotation below for the Tek84 Intercept Full-Body Scanner:

Quote: 2020-11-20R1

Qty	Part Number	Description	Net Ea.	Ext. Price
1	SSD-017-1002	Tek84 Intercept Full-Body Security Scanning System High Strength Aluminum Unibody Frame 160Kv Monoblock Oil Cooled Generator 34" x 72" x 90" (79" top removed) footprint 4 Second Scan Time Variable Scanning Dosage with three techniques Beginning at 0.25uSv In accordance with ANSI/HPS N43-17-2009 Radiation Safety Standard Tethered Ethernet Connected Workstation with 27" Vertically Mounted Touch Screen Monitor PC with Windows10 Operating System Transportable on Built In Heavy Duty Caster System With Corner Stabilizer Feet 16 Million Gray Scale Levels 110V/60hz 1Kva One-year warranty covering parts, labor, and support from time of installation	$159,000	$159,000
1	SSD-017-9950	FDA Approved Thermal Scanner with Temperature Measurement	INC	INC
1	INT- INSTALL	½ Day Installation	INC	INC
1	INT- TRAINING	2.5 Days Formal On-Site Operator Training	INC	INC
1	INT-WARRANTY-2	Additional warranty period of two-years covering parts, labor, and support upon expiration of initial warranty and support period	$10,000	$10,000
1	INT-SHIPPING	Shipping Cost from Poway, CA to Port Angeles, WA.	INC	INC
			Port Angeles, WA. 8.8% Sales Tax	$14,872
			TOTAL	$183,872

By execution of this agreement by an authorized signature, the customer agrees to purchase the products specified subject to the terms and conditions set forth in the agreement and subject to Tek84 Terms and Conditions available at Tek84.com

DAP:	Destination, 223 E. 4th Street, Suite 12, Port Angeles, WA 98362
Terms:	Net 30 Days from Date of Delivery
Taxes:	Add as Necessary or Provide Exemption Certificate
Expiration:	December 10th, 2021

Accepted By:

Printed Name and Title

Authorized Signature Date:

Tek84:

Brian Amos – Western Regional Sales Manager

Authorized Signature: Date: 10/07/2021

GENERAL TERMS AND CONDITIONS
CONTINENTAL USA

Last Updated: 08/20/2020

1. **Definitions.** As used in these General Terms and Conditions:

   a. "Buyer" means the person or entity that placed the Order for Products and/or Services or on whose behalf the Order is placed.

   b. "Order" means a purchase order, countersigned quote, or similar written document signed by both the Buyer and Seller providing for the purchase of Products. Unless otherwise provided, electronic copies of the Order will have the same effect, force, and validity as the written document of the Order and may be reasonably relied upon by the Parties in lieu of the written document.

   c. "Party means the Buyer or Seller.

   d. "Parties" means the Buyer and Seller.

   e. "Products" means the Seller's product(s) identified in the applicable Order.

   f. "Purchase Agreement" means the written agreement between Buyer and Seller for the purchase of Products and/or Services, which shall consist of these General Terms and Conditions; the applicable Order; and any other applicable written document(s) mutually agreed upon and signed by all Parties. Unless otherwise provided, electronic copies of the Purchase Agreement will have the same effect, force and validity as the written document(s) of the Purchase Agreement and may be reasonably relied upon by the Parties in lieu of the written document(s).

   g. "Purchase Price" means the price payable to Seller by Buyer for Products and/or Services provided in an Order.

   h. "Seller" means Tek84 Inc., a Delaware corporation, including any division or subsidiary thereof.

   i. "Services" means the Seller's services identified in the applicable Order.

2. **Agreement; Inconsistent Terms.** Seller and Buyer agree that all purchases for Products and/or Services by Buyer from Seller will be governed by this Purchase Agreement. In the event of a conflict between these General Terms and Conditions and an Order, or in the event no written or formal Order is issued for the applicable Products and/or Services, the terms of these General Terms and Conditions shall control unless otherwise expressly agreed to in writing by Seller and Buyer. Buyer's acceptance of Products and/or Services shall be deemed Buyer's assent to all of the terms of these General Terms and Conditions even if no written or formal Order is issued by Buyer, unless otherwise provided in writing. For the avoidance of doubt, Seller shall not be bound by the provisions of any other document or instrument from Buyer, unless signed by an officer of Seller.

3. **Ordering Procedure.** Each Order shall specify, if applicable: (a) the description and quantity of Products or Services being ordered; (b) requested location for delivery of Products or Services (the "Delivery Location"); (c) the Purchase Price; and (d) the Buyer's mailing address to which the applicable invoice shall be rendered for payment.

4. **Receipt and Acceptance of Order by Seller.** Seller's corporate office in San Diego, California will have the final authority with respect to the acceptance of any Order. If an Order is accepted, Seller shall confirm its acceptance of such Order to Buyer in writing. No Order shall be deemed accepted by Seller until Seller has accepted such Order in writing

5. **No Termination or Delay by Buyer.** After an Order has been duly signed by all of the Parties, Buyer may not terminate or unreasonably delay any delivery of Products and/or Services provided for in said Order without Seller's written consent.

6. **Shipment; Passage of Title; Risk of Loss.** Unless otherwise provided in writing on an Order: (1) For an Order that indicates shipping will be included in the Purchase Price, Products will be shipped Delivered at Place (DAP), with Passage of Title and Risk of Loss passing from Seller to Buyer upon delivery of Products at the Buyer's place in accordance to Incoterms 2020; (2) Otherwise, Products will be delivered EXW Factory in accordance to Incoterms 2020. In any event, Seller shall not be responsible for shipping and transportation delays.

7. **Return of Products.** Products may not be returned by Buyer without Seller's prior written permission.

8. **Payment Terms.** Buyer shall pay the Purchase Price for Products and/or Services purchased hereunder as specified in Seller's invoice, which shall be consistent with the relevant Order. Seller will invoice Buyer for Products upon departure from the Sellers's manufacturing location. Unless otherwise set forth in Seller's invoice, Buyer shall pay the invoice in full in each case no later than thirty (30) days from the date of invoice. All payments will be made in U.S. dollars. Interest at the rate of one and one- half percent (1.5%) per month or the maximum rate allowed by applicable law, whichever is lower, may be charged on past due Buyer accounts commencing after the last day of the first calendar month following the date of such invoice. Seller may suspend, credit, refuse shipment, or cancel any unfilled Order without any liability to Buyer in the event that Seller believes Buyer's credit is impaired. Seller may require full or partial payment or payment guarantee in advance of shipment whenever, in its opinion, the financial condition of Buyer so warrants.

9. **Taxes.** Unless otherwise provided for in an Order, prices do not include taxes. Buyer shall pay Seller, in addition to the price of any Products and/or Services purchased hereunder, any applicable excise, sales, use or other tax (however designated) imposed upon the sale, production, delivery or use of Products and/or Services ordered to the extent required or not forbidden by law to be collected by Seller from Buyer, whether or not so collected at the time of the sale, unless valid exemption certificates acceptable to the taxing authorities are furnished to Seller before the date of invoice.

10. **Registrations; Permits; Licenses.** Buyer shall obtain and maintain all registrations, licenses, permits and approvals required to operate Products in accordance with ANSI/HPS N43-17-2009 and all Local, State and Federal regulations. Seller agrees to assist Buyer in managing these regulatory requirements.

11. **Institutional Protocols Completed Before Operator Training.** Seller will not be obligated to schedule training classes on using Products until Buyer completes all institutional protocols, procedures, and approvals required for such use.

12. **Security Interest.** Buyer hereby grants to Seller a security interest in Products, including insurance proceeds, to secure payment of all amounts due under the Purchase Agreement until such amounts are paid by Buyer in full.

13. **Warranty and Support.**

    a. **Initial Warranty and Support.** Unless otherwise provided in the Purchase Agreement, Initial Warranty and Support is included in the Purchase Price. Seller will provide Initial Warranty and Support beginning on the installation date and expiring at the date provided on the applicable order or signed quote. If no date is provided, then expiration is one year from installation date.

    b. **Initial Warranty and Support includes**: (i) installation. (ii) initial operator training, (iii) 24-7 technical phone support (iv) on-site repair during normal working hours; (v) replacement parts; (vi) labor expenses; (vii) travel expenses and (viii) annual preventative maintenance inspection including radiation survey.

    c. **Continuing Warranty and Support.** Buyer may purchase Continuing Warranty and Support Services from Seller prior to the expiration of the Initial Warranty and Support.

    d. **Excluded Repairs**. The foregoing Initial and Continuing Warranty and Support shall not apply to any Products or parts of Products which have been (a) repaired or altered by any party other than authorized by Seller, (b) subjected to misuse, negligence, or accident, including, without limitation, physical damage to the outer enclosure, internal damage by physical breaching of the outer enclosure, dropping or overturning the apparatus, damage to the touchscreen monitor, acts of God, such as earthquake, flood, building collapse and vermin infestation, damage by unauthorized service personnel, or intentional or other gross damage outside the scope of normal operation, or

(c) used in a manner or in an application other than that recommended by Seller.

e. **T&M Priced Services.** For any Products not covered under either Initial or Continuing Warranty and Support, Buyer may purchase such on-going services from Seller under Time and Materials pricing.

f. **Buyer's Right to Reject Products for Noncompliance.** Buyer shall notify Seller in writing within seven (7) calendar days after completion of installation and training of any Products not performing as indicated in Seller's brochures or other advertising materials. Buyer's notice shall provide specific details and examples of cited discrepancies. Upon such written notice, Seller shall attempt to rectify the cited discrepancies to the satisfaction of the Buyer within thirty (30) calendar days. Within seven (7) calendar days afterward, Buyer, acting in good faith, may reject the Products for noncompliance by notifying Seller in writing. Upon such notice of noncompliance: Seller will promptly remove said Products from Buyer's facility; assume Title and Risk of Loss to said Products upon departure from said Buyer's facility; cancel the applicable Order and all obligation for Buyer to pay the Purchase Price; and invoice Buyer for actual shipment cost incurred by Seller to install and de-install the Products. Buyer agrees to pay the shipment cost invoice to Seller within 30 days, thereby terminating any and all obligation of the Parties with respect to the other in conjunction with the Order.

g. **Buyer's Limited Remedy for Warranty Breach.** Except as provided herein for warranty and support, Seller hereby expressly disclaims any implied warranties of merchantability and/or fitness for a particular purpose. Seller makes no other warranties, express or implied. Unless provided herein, Buyer's sole and exclusive remedy for Sellers's breach of the Warranties describe in this section shall be limited to (A) with respect to Products, repair or replacement of defective Products or Product parts reported to Seller within thirty days of Seller's delivery, and/or (B) with respect to Services, correction of any defects in Services provided by Seller and reported to Seller within sixty (60) days after completion of such service.

14. **Limitation of Liability; Commencement of Actions.** Notwithstanding anything to the contrary stated in the Purchase Agreement, in no event shall Seller or its subcontractors be liable for any loss, damage, cost of repairs, or incidental, indirect, punitive or consequential damages of any kind, even if Seller has been advised of the possibility of such damages, including, but not limited to, loss of use of facilities and equipment or loss of profit, for any reason, whether based upon any warranty, or whether arising in contract, tort, negligence or strict liability or otherwise arising in connection with the design, manufacture, sale, use or repair of products and/or services sold hereunder, nor shall Seller or its subcontractors be liable to indemnify Buyer and/or its subcontractors for any claims for any such consequential, incidental, indirect, or punitive damages. Further, in no event will Seller's liability to Buyer exceed the Purchase Price for the specific Products and/or Services giving rise to Buyer's action. Any action, regardless of form, arising out of the Purchase Agreement must be commenced by Buyer within one (1) year after the cause of action has accrued, or two (2) years from the date of shipment or completion of Services, whichever expires first.

15. **Waiver of Claim from Criminal or Terrorist Acts.** Seller's Products and Services are generally directed at the prevention of criminal and terrorist acts by third parties. Buyer acknowledge and agrees that all such acts cannot be prevented by using Seller's Products and Services. Seller and Buyer each agree to waive all claims against the other, including officers, employees, and other representatives, resulting from or related to criminal or terrorist activity

16. **Buyer's Indemnification Obligations.** Buyer acknowledges that Buyer is solely responsible for use of Products and that no aspect of Buyer's use of Products is at the direction of Seller. Buyer will indemnify, defend and hold Seller and its officers, agents, directors, and employees (each an "indemnified party") harmless against any and all losses, damages, liabilities, deficiencies, claims, actions, judgments, settlements, interest, awards, penalties, fines, costs, or expenses of any kind, including, without limitation, reasonable attorneys' fees, that are awarded against any indemnified party, arising out of or related to any third-party claim made in connection with Buyer's use of Products.

17. **Default; Remedies; Termination.** It shall be an event of default ("Default") if any of the Parties shall: (a) fail or refuse to pay when due any monies payable under the terms of the Purchase Agreement and continue such failure or refusal for ten (l0) days after the payment due date; or (b) fail or refuse to comply with any other term, provision or covenant contained in the Purchase Agreement and such failure shall not be cured within thirty (30) days after written

notice is provided by the non-defaulting party (to the extent such failure or refusal shall be curable); or (c) (i) make an assignment for the benefit of creditors, (ii) file a petition under any applicable law or statute relating to the bankruptcy or insolvency or be adjudged as bankrupt or insolvent in proceedings filed against it under any such law, or (iii) suffer the appointment of a receiver or trustee for all or substantially all of its assets, except an involuntary appointment removed within sixty (60) days after appointment. Upon the occurrence of a Default, the non-defaulting party shall have, in addition to any other rights or remedies available to the non-defaulting party pursuant to the terms of the Purchase Agreement, the right to terminate the Purchase Agreement upon giving written notice of such termination to the defaulting party, which shall be effective immediately upon delivery to the defaulting party. Upon expiration or termination of the Purchase Agreement for any reason, the parties shall abide by and uphold any rights or obligations accrued or existing under the Purchase Agreement on the date of such expiration or termination. The parties agree to continue to cooperate with each other in good faith to carry out an orderly conclusion of their relationship.

18. **Force Majeure.** In the event either party is prevented by Force Majeure from performing any of its obligations under the Purchase Agreement, other than its payment obligations hereunder, such party shall give notice in writing to the other party with full particulars of such Force Majeure as soon as practicable after the occurrence of the Force Majeure event.

    Neither Party shall be liable to the other for the failure of performance of any obligation under this Agreement, except as specifically set forth herein, if the failure of performance of said obligation is undisputedly related to a Force Majeure Event as hereinafter defined. The affected Party shall inform the other Party in writing immediately upon the occurrence of, or immediately upon becoming aware of the occurrence of, such a Force Majeure event. Without prejudice to the generality of the foregoing, the following events shall for purposes of this Agreement be considered within the meaning of the term "Force Majeure Event": acts of God, acts of nature, acts of Governments in their sovereign capacity, acts of terrorism, war and/or war measures, fire, floods, casualties, strikes, pandemics (other than COVID-19), labor disturbances, shortage of natural materials or fuel, or any other unforeseen, impacting events which are beyond the reasonable control of the affected Party.

    It is understood and agreed between the Parties hereto that the rights and obligations of the Parties shall be deemed to be in suspension during the continuance of the Force Majeure Event, as aforesaid, and the said rights and obligations shall automatically revive upon the cessation of the intervening Force Majeure Event.

    If for any reason any licenses, authorizations or approvals are denied or revoked, or if there is a change in any such applicable laws, regulations, or requirements that would prohibit Seller from fulfilling the Purchase Agreement, or would in the reasonable judgment of Seller otherwise expose Seller to a risk of liability under applicable laws, regulations, orders or requirements, Seller shall be relieved without liability of all obligations under the Purchase Agreement. Failure by Seller to deliver any one ormore of the installments in accordance with their terms shall not entitle Buyer to terminate the whole Purchase Agreement or treat it as repudiated.

    The period for which the rights and obligations of the Parties shall be in suspension due to occurrence of a Force Majeure Event shall not be considered as a delay with respect to the period of delivery and/or acceptance of delivery under a contract or otherwise to the detriment of either Party.

19. **Seller's Intellectual Property Rights; Confidentiality.** All design and detail drawings, data, material lists, tooling, equipment, procedures, engineering changes, inventions, trade secrets, copyrights , mask works, source code, object code, patents, patent applications, know-how, computer and/or product software and all parts thereof, trademarks and all other information, technical or otherwise, which was developed, made or supplied by or for Seller in the production of Products and/or Services sold hereunder will be and will remain the sole and exclusive property of Seller (or its licensors, if any). Buyer agrees not to reverse engineer any Products and/or Services purchased hereunder.

    Buyer agrees to treat all information, including, without limitation, all proprietary information, provided by Seller hereunder as confidential ("Confidential Information") and shall not make use of Confidential Information for purposes other than those contemplated by the Purchase Agreement, and shall not make Confidential Information available to third parties other than as required to carry out the installation and use of Products and/or Services.

20. **Export Regulations.** Buyer agrees to comply fully with all laws and regulations concerning the export of any Products from the United States.

21. **Entirety or Purchase Agreement; Amendment.** The Purchase Agreement, including these General Terms and Conditions and any applicable document signed by all of the Parties, embody the entire agreement between the parties regarding the subject matter hereof and supersedes any other agreements and arrangements, whether in written oral form, regarding the subject matter hereof. Except as otherwise provided in the Purchase Agreement, the Purchase Agreement may not be amended, extended or supplemented in any manner whatsoever except by the express written agreement executed by duly authorized corporate officers of both parties.

22. **Notices.** Any notice, agreement, or other communication required to be given under the Purchase Agreement shall be in writing and either personally delivered, delivered by certified U.S. mail (return receipt requested), postage prepaid, or delivered by overnight delivery by a nationally recognized courier, addressed to the Parties at their addresses indicated in the Purchase Agreement or to such other addresses as maybe furnished in writing by either party to the other. Each notice or communication shall be deemed to have been received three (3) business days after the same was deposited in certified mail, or, if delivered in person via an internationally recognized overnight delivery carrier, as of the date so delivered. Notwithstanding the foregoing, Orders and other ordinary course of business communications may be sent by email or mail to the address identified by the parties from time to time, or by first class mail, postage prepaid.

23. **Severability.** In the event that one or more of the provisions of the Purchase Agreement is declared or held invalid, illegal or unenforceable by a court of competent jurisdiction, such provision(s) shall be interpreted as modified so as to be enforceable to the maximum extent permitted by law, and all other provisions hereof shall be given effect separately therefrom and shall not be affected thereby.

24. **No Waiver.** No waiver by either Party of any provision of the Purchase Agreement shall be deemed or shall constitute a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver.

25. **Authority.** Each Party represents and warrants that (a) it is duly organized, validly existing and in good standing under the laws of the state of its organization, and has full power and authority to enter into and perform its obligations under the Purchase Agreement, (b) it agrees to be bound by the Purchase Agreement, and (c) the person executing the Purchase Agreement on behalf of such Party has been properly authorized and empowered to enter into the Purchase Agreement.

26. **Headings not Controlling.** The headings used in the Purchase Agreement are for reference purposes only and shall not be deemed part of the Purchase Agreement.

27. **Successors and Assigns.** The Purchase Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns. The Purchase Agreement is not assignable by either Party without the prior written consent of the other Party hereto, which shall not be unreasonably withheld, except that Seller may assign the Purchase Agreement to any person or entity (a) that is a parent, subsidiary or affiliate of Seller, (b) that acquires a controlling interest in the stock of Seller, (c) with which Seller merges or consolidates, or (d) to which Seller transfers all or substantially all of its assets.

28. **Attorney Consultation.** Each Party represents that it has had an opportunity to consult with independent legal counsel prior to signing the Purchase Agreement.

29. **Counterparts.** The Purchase Agreement may be executed in counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

    Electronic signature pages shall be deemed as sufficient evidence of a party's consent and agreement to the terms of the Purchase Agreement.

30. **No Partnership or Joint Venture Created.** Seller is an independent contractor to Buyer. The Purchase Agreement does not create a partnership, joint venture, or any form of association, for employment, tax purposes or otherwise.

31. **Choice of Law; Arbitration.** The Purchase Agreement shall be governed by the laws of the state of California. The Parties agree that all disputes and/or causes of action under the Purchase Agreement shall be resolved by binding arbitration by a single arbitrator from the San Diego office of the American Arbitration Association ("AAA") in accordance with the AAA's rules of Arbitration.

32. **U.N. Convention.** Pursuant to Article 6 of the United Nations Convention on Contracts for the International Sale of Goods (the "UN Convention"), the parties agree that the UN Convention shall not apply to the Purchase Agreement.

3
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Sheriff

WORK SESSION ☒ **Meeting Date: 10/18/21**

REGULAR AGENDA ☒ **Meeting Date: 10/26/21**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing
☒ Contract/Agreement/MOU - Contract # 811-21-04
☐ Resolution
☐ Proclamation
☒ Budget Item
☐ Draft Ordinance
☐ Final Ordinance
☐ Other

Documents exempt from public disclosure attached: ☐

Executive summary:
Interagency Agreement with the Washington Traffic Safety Commission for $27,920 in funding for multi-agency participation in high-visibility enforcement (HVE) traffic safety emphasis patrols. These are scheduled events outlined in the scope of work for this agreement. The funding is made available to Region 1 participating agencies and managed by the Sheriff's Office Region Target Zero Manager (TZM) position.

Budgetary impact: **If a budget action is required, has it been submitted and a copy attached?** ☒
A budget change is submitted for the portion of funding in Q1/FY2021 expected to be spent and reimbursed for the Sheriff's Office patrol overtime. The other participating agencies will be reimbursed via this agreement directly from WTSC.

Recommended action:
Recommend approval by the Board and signature by the Chair.

County Official signature & print name: W.L. Benedict, Sheriff W L Benedict

Name of Employee/Stakeholder attending meeting: Chief Deputy King and Inspector Ley

Relevant Departments: Sheriff's Office

Date submitted: 10/13/21

Clallam #811-21-04 3
10/18/21

INTERAGENCY AGREEMENT

BETWEEN THE

Washington Traffic Safety Commission

AND

Clallam County Sheriff's Office

THIS AGREEMENT is made and entered into by and between the Washington Traffic Safety Commission, hereinafter referred to as "WTSC," and Clallam County Sheriff's Office, hereinafter referred to as "SUB-RECIPIENT."

NOW THEREFORE, in consideration of the terms, conditions, covenants, and performance contained herein, or attached and incorporated and made a part hereof, the Parties mutually agree as follows:

1. PURPOSE OF THE AGREEMENT

The purpose of this Agreement is to provide funding, provided by the United States Department of Transportation (USDOT) National Highway Traffic Safety Administration (NHTSA) and allowed under the Assistance Listings Catalog of Federal Domestic Assistance (CFDA) number 20.600 for traffic safety grant project **2022-HVE-4443-Region 1 Target Zero Task Force**, specifically to provide funding for the law enforcement agencies in WTSC Region 1 to conduct overtime high-visibility enforcement (HVE) traffic safety emphasis patrols as outlined in the Statement of Work (SOW), in support of Target Zero priorities. The Target Zero Manager (TZM) and/or the Law Enforcement Liaison (LEL) shall coordinate the SOW with the SUB-RECIPIENT with the goal of reducing traffic crashes.

Grant **2022-HVE-4443-Region 1 Target Zero Task Force** was awarded to the **Region 1** to support collaborative efforts to conduct HVE activities. By signing this agreement, the SUB-RECIPIENT is able to seek reimbursement for approved overtime expenses incurred as a participant in the region's HVE grant.

2. PERIOD OF PERFORMANCE

The period of performance of this Agreement shall commence upon the date of execution by both Parties, but not earlier than October 1, 2021, and remain in effect until September 30, 2022 unless terminated sooner, as provided herein.

3. STATEMENT OF WORK

SCOPE OF WORK:

Problem and Opportunity Statement / Project Overview

The main causes of serious injury and fatality collisions on Washington's roadways are driver impairment through drug and/or alcohol use, and distracted driving. Motorcyclists also represent a high number of injured and killed as a result of unsafe and poorly trained riders and the challenges vehicle drivers face in observing motorcycles on the road.

This project will fund locally coordinated high visibility enforcement mobilizations for distracted driving and motorcycle safety. Selected regions will also be given funding for Impaired Driving HVE. Overtime patrols will be organized by local Target Zero Managers (TZMs) & the statewide Law Enforcement Liaison networks and their local Target Zero Task Force. These patrols will also be coordinated with the Washington State Patrol (WSP). Target Zero Managers will establish or strengthen relationships with key WSP district personnel to improve interagency coordination.

Goal

Prevent traffic crashes to reduce traffic related deaths and serious injuries through active, visible, consistent, and targeted traffic law enforcement.

Strategy

Prevent drivers from engaging in high-risk behaviors by increasing their perception of the risk of receiving a citation through high visibility enforcement campaigns (HVE).

HVE Campaigns influence driver behavior by creating the perception that there is an increased risk of engaging in risky driving behaviors. This perception is achieved through 1) an increase in media messages about upcoming emphasis periods so that the targeted drivers know when the patrols will occur and what will be enforced and 2) drivers have the perception of increased enforcement because they can see a significant and noticeable increase in law enforcement presence (officers pulling cars over) that reinforces the media messages they received and influences them to modify their driving behavior.

Objectives and Requirements for All High Visibility Patrols

1. SUB-RECIPIENT will participate in their task force to plan and execute HVE events. The SUB-RECIPIENT in cooperation with the local task force will:
    a. Conduct robust planning for each HVE event. WTSC recommends creating an operational plan developed by the local traffic safety task force for each HVE event that includes:
        i. Goals for the event – For example, what behaviors is the event intended to influence?
        ii. Summary of participating law enforcement agencies, target violations, and target locations.
        iii. Summary of the public outreach that will be done to promote the event so that drivers in the targeted locations are forewarned and can anticipate it.
        iv. Use data and information such as crash data, anecdotes of near misses, and professional judgement to pick target locations where the patrols will occur.

b. The planning for HVE events will be data informed; based on crash data, anecdotal evidence, and the professional judgement of task force members.

c. Execute the event using multiple officers (a minimum of three) at the same time in the same target areas to create a visible presence so that the driving public has the perception of law enforcement omnipresence on the targeted roads. Enforcement is highly visible – clearly more than a typical day.

d. Participating officers should maximize their contacts during their patrols so that their activity contributes to the goals of the HVE event. See this requirement described below in the section called Other Considerations, Exceptions, And Notes Regarding HVE Events.

e. Promote the event through all earned, owned and, if funded, paid media that is available so that the public is made aware of the event before, during, and after the enforcement takes place. Translate messages as needed to reach the majority of drivers in the targeted locations.

f. Invite local media involvement in the effort to reach communities in which HVE will occur.

g. Strive to actively enforce traffic safety laws focused on collision causing behaviors in priority areas throughout the year outside of HVE events.

h. Ensure all participating personnel will use the WEMS system provided by the WTSC to record all activities in digital activity logs conducted by their commissioned officers pursuant to the HVE events. Participating officers will fill out all applicable fields of the digital activity log and use the comments field to provide details on an irregularities, challenges or other details that would help explain what was encountered during their shift. SUB-RECIPIENT will also ensure all supervisors and fiscal staff have the ability to review and edit those activity logs.

i. Ensure all participating personnel will receive a briefing prior to the event so that every participant understands the purpose and goals of the HVE event. This can be done in person (preferred) or electronic via telephone or virtual software. Below is a recommended briefing checklist:

    i. Event goals, and summary of participating law enforcement agencies and officers, target violations, and target locations.

    ii. List of on-call DREs and request procedures

    iii. How to fill out their digital activity log in WEMS

    iv. Information on how the Mobile Impaired Driving Unit will be used (if applicable)

    v. Dispatch information

    vi. Spotter processes (if applicable)

    vii. Available Draeger machines and locations

j. Ensure all officers participating in these patrols is BAC certified and received and passed the SFST refresher training.

k. Support the promotion of HVE events utilizing all of their owned media channels (i.e., Facebook, Twitter, website, email newsletters, or other social media).

l. Ensure at least one individual available for weekend media contacts, beginning at noon on Fridays before HVE mobilizations.

Objectives and Requirements for Distracted Driving HVE Patrols

1. SUB-RECIPIENT must use the spotter method for all distracted driving HVE events. This method will utilize a team of no less than three officers – one spotter identifying violations and at least two officers responding to violations.
2. Participating officers will document, in the "Comments" box of their activity log, the names of the spotter and chasers with which they were working.
3. SUB-RECIPEINTS utilizing motorcycle officers are exempt from the spotter requirement.
4. SUB-RECIPIENT agrees that distracted driving patrols conducted without using the spotter method will not be compensated by the WTSC.
5. SUB-RECIPIENT will only expend funds for these HVE events in support of the national distracted driving campaign from April 4 to April 11.
6. SUB-RECIPIENT may expend funds outside of the April national campaign, but only when 1) the Target Zero Manager receives written approval from WTSC in advance and 2) the event is in support of a distracted driving focused HVE event organized by the Task Force. Patrols conducted outside of the campaign window, and without pre-approval from WTSC will not be reimbursed.

Other Considerations, Exceptions, And Notes Regarding HVE Events

Maximizing contacts: Participating law enforcement officers should make as many contacts as they can during their patrol in the spirit of changing driving behavior. Active, visible, consistent, and targeted traffic law enforcement has an impact on helping to modify driver behavior. A traffic stop affects future driving habits that has a positive influence on reducing the number and severity of collisions. People believe what they hear from each other and it influences what they do. Traffic stops act as a deterrent to risky driving behavior. This strategy has three primary purposes that traffic stops achieve:

- The first purpose is to stop a violation of the law for public safety. Officers will accomplish this purpose merely by stopping vehicles.
- The second purpose of the stop is to serve as a general deterrent to other drivers. Officers' visible presence with a vehicle at the roadside has this symbolic effect on other drivers.
- Finally, the third purpose is to change the drivers' future driving behavior.

Process Measures

- Percent of officers that receive a briefing prior to HVE events.

- Percent of HVE activity logs with a start date and end date / time within prescribed campaign windows.
- Percent of stops resulting in an infraction or citations issued for high-risk behaviors including but not limited to impaired driving, speeding, distracted driving, and aggressive driving.

Objectives and Requirements for Impaired Driving HVE Patrols

1. SUB-RECIPIENT will implement a data driven, sustained enforcement and education efforts.
    a. Use local traffic crash data and any other useful data to identify the locations where the enforcement patrols should occur.
    b. Education and local media efforts should incorporate a Positive Community Norms approach with the desired outcome of influencing drivers with the highest potential of causing traffic crashes.
    c. Commit to an increased level of sustained enforcement as outlined in the operations plan. *NOTE: These funds are meant to provide an increase in DUI enforcement efforts, not meant to replace current DUI enforcement.*
2. SUB-RECIPIENT will participate in national impaired driving HVE events including:
    a. Holiday DUI Patrols (December 15 – January 1)
    b. Drive Sober or Get Pulled Over (August 17 – September 5)
3. SUB-RECIPIENT will focus enforcement efforts on driving behaviors that are commonly exhibited by drivers operating a motor vehicle under the influence of alcohol/drugs or a combination. Stopping vehicles for "high discretionary" style stops should not be the priority.
4. SUB-RECIPIENT ensures all officers participating in these patrols has received the Advanced Roadside Impaired Driving Enforcement (ARIDE) training.
5. SUB-RECIPIENT should not supplant regular patrol officer activity during HVE events.

Scope of Work - Impaired Driving HVE Patrols

Contacts

Region 1 TZM, Project Director, PIO
Inspector Josh Ley
223 E 4th Street, Suite 12
Port Angeles, WA 98362
360-417-2273
360-460-2919 (cell)
jley@co.clallam.wa.us

Region 1 LEL/PIO
Sgt. Brandon Przygocki
81 Elkins Road
Port Hadlock, WA 98339
360-344-9768
360-531-4722 (cell)
Bprzygocki@co.jefferson.wa.us

Operations

- Two Impaired Driving HVE events per quarter would consist of patrol division participants from the following:
    - Clallam County Sheriff's Office
    - Jefferson County Sheriff's Office
    - Port Angeles Police Department
    - Sequim Police Department
    - Port Townsend Police Department
- Days of the Week: HVE efforts will be concentrated on Friday, Saturday, and Sunday evenings
- Time: 1600 to 0200 with flexibility to adjust timeframes if needed for staffing. Evenings would rotate among campaigns so that agency members with differingand rotating schedules could participate and thus share the opportunities.
- Four or more units will operate during each campaign, with the area of concentration alternating between the two counties, except for during the national campaign dates.
- Location: Clallam County focus areas are the municipalities of Port Angeles and Sequim, US 101 between Sequim and the 7 Cedars Casino, US 101 and Old Olympic Hwy between Sequim and Port Angeles, and US 101 between Lake Sutherland and Port Angeles.
- Location: Jefferson County focus areas are the routes in and around Port Townsend (the only municipality, having primary populace and drinking/cannabis establishments), to include Discovery Road and SR 20.
- Law Enforcement agencies will work within each other's jurisdictions to facilitate saturation of an area or corridor.
- To supplement the preparation communications that precede HVE events, pre-deployment briefings will be held in-person or by group phone call within the hour preceding individual events. They will be conducted by either, or both, the TZM and LEL to review protocols, address questions, and finalize last minute adjustments to logistics, (i.e., designated radio frequencies, geographic areas of saturation per event staffing, Prosecutor routing, etc.).

Schedule of HVE Events

	1st quarter (October - December 2021)
Event	Dedication DUI HVE
Emphasis	Impaired Driving
Date	Saturday, November 6, 2021
Time	2000 to midnight
County	Clallam
Depts.	Clallam SO, Port Angeles PD, and Sequim PD
Area	Corridor between Sequim and Port Angeles

LE hours	20
Event	Holiday DUI Event
Emphasis	Impaired Driving
Date	Saturday, December 18, 2021
Time	1800 to 0200
County	Clallam & Jefferson
Depts.	Clallam SO/Jefferson SO/Sequim PD/Port Angeles PD/Port Townsend PD
Area	Port Townsend, Port Angeles, and Sequim areas
LE hours	48
	2nd quarter (January - March 2022)
Event	Holiday DUI Event
Emphasis	Impaired Driving
Date	Sunday, January 2, 2022
Time	2000 to 0200 hours
County	Clallam & Jefferson
Depts.	Clallam SO/Jefferson SO/Sequim PD/Port Angeles PD/Port Townsend PD
Area	Port Townsend, Port Angeles, and Sequim areas
LE hours	48
Event	President's Day weekend local HVE
Emphasis	Impaired Driving
Date	Friday, February 18, 2022
Time	1900 to 0100 hours
County	Jefferson
Depts.	Jefferson SO and Port Townsend PD
Area	High volume traffic areas in/near Port Townsend
LE hours	20

	3rd quarter (April - June 2022)
Event	Memorial Day weekend DUI
Emphasis	Impaired Driving
Date	Friday, May 27, 2022
Time	2000 to midnight
County	Clallam & Jefferson
Depts.	Clallam SO/Jefferson SO/Sequim PD/Port Angeles PD/Port Townsend PD
Area	Port Townsend, Port Angeles, and Sequim areas
LE hours	20
Event	Local DUI HVE
Emphasis	Impaired Driving
Date	Sunday, June 12, 2022
Time	1900 to 0100 hours
County	Clallam
Depts.	Clallam SO, Port Angeles PD, and Sequim PD
Area	Corridor between Sequim and Port Angeles
LE hours	20
	4th quarter (July - September 2022)
Event	Lavender Festival DUI
Emphasis	Impaired Driving
Date	Friday, July 15, 2022
Time	2000 to midnight
County	Clallam & Jefferson
Depts.	Clallam SO, Jefferson SO, and Sequim PD
Area	Port Townsend area and from Port Angeles to 7 Cedars Casino
LE hours	32

Event	National DUI Event
Emphasis	Impaired Driving
Date	Saturday, August 20, 2022
Time	1800 to 0200
County	Clallam & Jefferson
Depts.	Clallam SO/Jefferson SO/Sequim PD/Port Angeles PD/Port Townsend PD
Area	Port Townsend, Port Angeles, and Sequim areas
LE hours	48

Measures

- HVE activity data
- Comparison of annual region impaired driving arrest prevalence.
    - Are there overall and sub-regional differences?
- Comparison of annual region impaired driving collision prevalence.
    - Are there overall and sub-regional differences?
- Comparison of annual DUI reported drinking locations to determine correlation to establishments.
    - Reduction of any establishment frequency in reporting?
    - Establishments complying with Washington State Liquor and Cannabis Board regulations?
    - Develop audiences for Washington State Liquor and Cannabis Board review and education on intervention.

Publicity/Earned Media Efforts

- TZM will generate News/press releases (including HVE notices) to go out via email to a default group that includes local Law Enforcement, Prosecutors, County Commissioners, Region 1's radio and newspaper groups, Kiro 7, Komo 4, King 5, Q13 Fox, and the Seattle Times.
- TZM will draft Letters to the Editor to newspaper editors in Forks, Port Angeles, Sequim, and Port Townsend at least once a quarter.
- TZM Posts will be generated at least monthly in addition to notices about HVE events 1.5 to 2 weeks in advance.
- The TZM will invite other PIOs to share posts on their agency social media.
- Clallam County Sheriff's Office Administrative Assistant will post applicable material to the Department's Nextdoor information page.

Visibility Efforts

- When possible, live updates will be posted during the HVE events to both Facebook and Twitter.
- Electronic message board trailer will be utilized during HVE events.

- Positive norm safety messages are posted by the TZM at least monthly between HVE events on Facebook.
- Quarterly letters issued to media editors by the TZM that focus on local risk factors; they contain positive norms messaging and safety encouragements.

Measures

- Number of media releases
- Number of newsletters
- Number of letters to the editor
- Number of social media posts
- Number of LE agencies that promote HVE
- Number of media interviews (TV, Radio, etc.)
- Number of community members reached by social media

Budget and HVE Details

Q1

Event	Dedication DUI HVE
Emphasis	Impaired Driving
Date	Saturday, November 6, 2021
LE hours	20
Budget	$1,400.00

Event	Holiday DUI Event
Emphasis	Impaired Driving
Date	Saturday, December 18, 2021
LE hours	48
Budget	$3,360.00

Q2

Event	Holiday DUI Campaign
Emphasis	Impaired Driving
Date	Sunday, January 2, 2022

LE hours	48
Budget	$3,360.00

Event	President's Day weekend local HVE
Emphasis	Impaired Driving
Date	Friday, February 18, 2022
LE hours	20
Budget	$1,400.00

Q3

Event	Memorial Day weekend DUI
Emphasis	Impaired Driving
Date	Friday, May 27, 2022
LE hours	20
Budget	$1,400.00

Event	Local DUI HVE
Emphasis	Impaired Driving
Date	Sunday, June 12, 2022
LE hours	20
Budget	$1,400.00

Q4

Event	Lavender Festival DUI
Emphasis	Impaired Driving
Date	Friday, July 15, 2022
LE hours	32
Budget	$2,240.00

Event	National DUI Campaign
Emphasis	Impaired Driving
Date	Saturday, August 20, 2022
LE hours	48
Budget	$3,360.00

TOTAL HVE BUDGET $17,920

3.1. MILESTONES AND DELIVERABLES

Mobilization	**Dates**
Holiday DUI	December 15, 2021 – January 1, 2022
U Drive. U Text. U Pay.	April 4 – 11, 2022
DUI Drive Sober or Get Pulled Over	August 17 – September 5, 2022

3.2. COMPENSATION

3.2.1. Compensation for the overtime work provided in accordance with this Agreement has been established under the terms of RCW 39.34. The cost of accomplishing the work described in the SOW will not exceed dollar total from amounts listed below. Payment for satisfactory performance of the overtime work shall not exceed this amount unless the WTSC and SUB-RECIPIENT mutually agree to a higher amount in a written Amendment to this Agreement executed by both the WTSC and SUB-RECIPIENT. Comp-time is not considered overtime and will not be approved for payment. All law enforcement agencies who are active members of the Region 1 traffic safety task force with a fully executed grant agreement are eligible to participate in this grant.

3.2.2. WTSC will reimburse for personnel overtime expenses at 150 percent of the officer's normal salary rate plus SUB-RECIPIENT's contributions to employee benefits, limited to the following:

- FICA
- Medicare
- Any portion of L & I that is paid by the employer (SUB-RECIPIENT)
- Retirement contributions paid by the employer (SUB-RECIPIENT) can be included if the contribution is based on a percentage of their hours worked

Health insurance, or any other benefits not listed above, are not eligible for reimbursement.

The SUB-RECIPIENT will provide law enforcement officers with appropriate equipment (e.g., vehicles, radars, portable breath testers, etc.) to participate in the emphasis patrols.

3.2.3. Funding alterations are permitted as follows: Upon agreement by the regional TZM and all other parties impacted by a proposed budget alteration, the allocation amounts may be increased or decreased without amending this agreement. HVE grant funds should be managed collaboratively by the SUB-RECIPIENT and the TZM.

These alterations must be requested through email communication among all involved parties, including the TZM, and the WTSC Fiscal Analyst. This communication shall include an HVE Allocation Adjustment form, which details the funding alterations.

Funds within the same HVE campaign budget category only, can be increased and decreased across parties, so long as the modified total does not exceed the regional total allocation per funding category.

3.2.4. These funds, designated for salaries and benefits, are intended to pay for the hourly overtime costs and proportional amounts of fringe benefits of commissioned staff pursuing the activities described in the statement of work. These funds may not be used for any other purpose for example any work required to maintain a law enforcement commission including recertification trainings like firearm qualification.

3.2.5. Dispatch: WTSC will reimburse communications officers/dispatch personnel for work on this project providing SUB-RECIPIENT has received prior approval from their region's TZM. This activity must be overtime and only the expenses listed in section 3.2 and its subsections will be reimbursed.

3.2.6. Transport Officers: WTSC will reimburse transport officers for their work on this project providing SUB-RECIPIENT has received approval from their regions TZM. The TZM will work with the regional LEL to determine if need is warranted for the type of HVE activity. This activity must be overtime and only the expenses listed in section 3.2 and its subsections will be reimbursed.

3.2.7. The law enforcement agency involved will not schedule individual officer overtime shifts for longer than eight hours. WTSC understands there may be instances when more than eight hours are billed due to DUI processing or other reasons and an explanation should be provided on the WEMS Officer Activity Log.

3.2.8. The law enforcement agency involved will ensure that any reserve officer for whom reimbursement is claimed has exceeded his/her normal weekly working hours when participating in an emphasis patrol and is authorized to be paid at the amount requested. Reserve officers may only be paid at the normal hourly rate and not at the 150 percent overtime rate.

3.3. SUMMARY OF PROJECT COSTS

The WTSC has awarded **$27,920.00** to the **Region 1 Traffic Safety Task Force** for the purpose of conducting coordinated overtime HVE activities. By signing this agreement, the SUB-RECIPIENT is able to seek reimbursement for approved overtime expenses incurred as a participant in this grant. All activity must be coordinated by the region's traffic safety task force and TZM in order to be eligible for reimbursement.

The funding for **Region 1** is as follows:

EMPHASIS PATROL

Impaired Driving Patrols (Section 402, CFDA 20.600)	$17,920.00.00
Distracted Driving Patrols (Section 402, CFDA 20.600)	$10,000.00
TOTAL	$27,920.00

3.3.1. The funds issued under this Agreement are only to be used for the specified category and shall not be commingled between categories.

APPLICABLE STATE AND FEDERAL TERMS AND CONDITIONS:

4. ACTIVITY REPORTS

The SUB-RECIPIENT agrees to have all personnel who work HVE patrols submit a WEMS Officer Activity Log within 24 hours of the end of all shifts worked. These same logs will be associated with invoices as detailed in the "BILLING PROCEDURE" section. Use of the Officer Activity Log in the WTSC's online grant management system, WEMS, is required. Supervisor review and accuracy certification will also be done in WEMS.

5. ADVANCE PAYMENTS PROHIBITED

No payments in advance of or in anticipation of goods or services to be provided under this Agreement shall be made by the WTSC.

6. AGREEMENT ALTERATIONS AND AMENDMENTS

This Agreement may be amended by mutual agreement of the Parties in the form of a written request to amend this Agreement. Such amendments shall only be binding if they are in writing and signed by personnel authorized to bind each of the Parties. Changes to the budget, SUB-RECIPIENT'S Primary Contact, and WTSC Program Manager can be made through email communication and signatures are not required.

7. ALL WRITINGS CONTAINED HEREIN

This Agreement contains all the terms and conditions agreed upon by the Parties. No other understandings, oral or otherwise, regarding the subject matter of this Agreement shall be deemed to exist or to bind any of the Parties hereto.

8. ASSIGNMENT

The SUB-RECIPIENT may not assign the work to be provided under this Agreement, in whole or in part, without the express prior written consent of the WTSC, which consent shall not be unreasonably withheld. The SUB-RECIPIENT shall provide the WTSC a copy of all third-party contracts and agreements entered into for purposes of fulfilling the SOW. Such third-party contracts and agreements must follow applicable federal, state, and local law, including but not limited to procurement law, rules, and procedures. If any of

the funds provided under this Agreement include funds from NHTSA, such third-party contracts and agreements must include the federal provisions set forth in this Agreement in sections 34 through 42.

9. ATTORNEYS' FEES

In the event of litigation or other action brought to enforce the Agreement terms, each Party agrees to bear its own attorney fees and costs.

10. BILLING PROCEDURE

All invoices for reimbursement of HVE activities will be done using the WTSC's grant management system, WEMS. WEMS Officer Activity logs will be attached to invoices, directly linking the cost of the activity to the invoice. Because the activity, approval, and invoicing are all done within WEMS, no back up documentation is required in most cases.

Once submitted by the SUB-RECIPIENT, invoices are routed to the regional TZM for review and approval. The TZM will submit all approved invoices to the WTSC via WEMS within 10 days of receipt.

Payment to the SUB-RECIPIENT for approved and completed work will be made by warrant or account transfer by WTSC within 30 days of receipt of such properly documented invoices acceptable to WTSC. Upon expiration of the Agreement, any claim for payment not already made shall be submitted within 45 days after the expiration date of this Agreement. All invoices for goods received or services performed on or prior to June 30, 2021, **must be received by WTSC no later than August 10, 2022.** All invoices for goods received or services performed between July 1, 2022 and September 30, 2022, **must be received by WTSC no later than November 15, 2022.**

11. CONFIDENTIALITY/SAFEGUARDING OF INFORMATION

The SUB-RECIPIENT shall not use or disclose any information concerning the WTSC, or information which may be classified as confidential, for any purpose not directly connected with the administration of this Agreement, except with prior written consent of the WTSC, or as may be required by law.

12. COST PRINCIPLES

Costs incurred under this Agreement shall adhere to provisions of 2 CFR Part 200 Subpart E.

13. COVENANT AGAINST CONTINGENT FEES

The SUB-RECIPIENT warrants that it has not paid, and agrees not to pay, any bonus, commission, brokerage, or contingent fee to solicit or secure this Agreement or to obtain approval of any application for federal financial assistance for this Agreement. The WTSC shall have the right, in the event of breach of this section by the SUB-RECIPIENT, to annul this Agreement without liability.

14. DISPUTES

14.1. Disputes arising in the performance of this Agreement, which are not resolved by agreement of the Parties, shall be decided in writing by the WTSC Deputy Director or designee. This decision shall be final and conclusive, unless within 10 days from the date of the SUB-RECIPIENT's receipt of WTSC's written decision, the SUB-RECIPIENT furnishes a written appeal to the WTSC Director. The SUB-RECIPIENT's appeal shall be

decided in writing by the Director or designee within 30 days of receipt of the appeal by the Director. The decision shall be binding upon the SUB-RECIPIENT and the SUB-RECIPIENT shall abide by the decision.

14.2. Performance During Dispute. Unless otherwise directed by WTSC, the SUB-RECIPIENT shall continue performance under this Agreement while matters in dispute are being resolved.

15. GOVERNANCE

15.1. This Agreement is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this Agreement shall be construed to conform to those laws.

15.2. In the event of an inconsistency in the terms of this Agreement, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

15.2.1. Applicable federal and state statutes and rules
15.2.2. Terms and Conditions of this Agreement
15.2.3. Any Amendment executed under this Agreement
15.2.4. Any SOW executed under this Agreement
15.2.5. Any other provisions of the Agreement, including materials incorporated by reference

16. INCOME

Any income earned by the SUB-RECIPIENT from the conduct of the SOW (e.g., sale of publications, registration fees, or service charges) must be accounted for, and that income must be applied to project purposes or used to reduce project costs.

17. INDEMNIFICATION

17.1. To the fullest extent permitted by law, the SUB-RECIPIENT shall indemnify and hold harmless the WTSC, its officers, employees, and agents, and process and defend at its own expense any and all claims, demands, suits at law or equity, actions, penalties, losses, damages, or costs of whatsoever kind ("claims") brought against WTSC arising out of or in connection with this Agreement and/or the SUB-RECIPIENT's performance or failure to perform any aspect of the Agreement. This indemnity provision applies to all claims against WTSC, its officers, employees, and agents arising out of, in connection with, or incident to the acts or omissions of the SUB-RECIPIENT, its officers, employees, agents, contractors, and subcontractors. Provided, however, that nothing herein shall require the SUB-RECIPIENT to indemnify and hold harmless or defend the WTSC, its agents, employees, or officers to the extent that claims are caused by the negligent acts or omissions of the WTSC, its officers, employees or agents; and provided further that if such claims result from the concurrent negligence of (a) the SUB-RECIPIENT, its officers, employees, agents, contractors, or subcontractors, and (b) the WTSC, its officers, employees, or agents, or involves those actions covered by RCW 4.24.115, the indemnity provisions provided herein shall be valid and enforceable only to the extent of the negligence of the SUB-RECIPIENT, its officers, employees, agents, contractors, or subcontractors.

17.2. The SUB-RECIPIENT waives its immunity under Title 51 RCW to the extent it is required to indemnify, defend, and hold harmless the WTSC, its officers, employees, or agents.

17.3. The indemnification and hold harmless provision shall survive termination of this Agreement.

18. INDEPENDENT CAPACITY

The employees or agents of each Party who are engaged in the performance of this Agreement shall continue to be employees or agents of that Party and shall not be considered for any purpose to be employees or agents of the other Party.

19. INSURANCE COVERAGE

19.1. The SUB-RECIPIENT shall comply with the provisions of Title 51 RCW, Industrial Insurance, if required by law.

19.2. If the SUB-RECIPIENT is not required to maintain insurance in accordance with Title 51 RCW, prior to the start of any performance of work under this Agreement, the SUB-RECIPIENT shall provide WTSC with proof of insurance coverage (e.g., vehicle liability insurance, private property liability insurance, or commercial property liability insurance), as determined appropriate by WTSC, which protects the SUB-RECIPIENT and WTSC from risks associated with executing the SOW associated with this Agreement.

20. LICENSING, ACCREDITATION, AND REGISTRATION

The SUB-RECIPIENT shall comply with all applicable local, state, and federal licensing, accreditation, and registration requirements and standards necessary for the performance of this Agreement. The SUB-RECIPIENT shall complete registration with the Washington State Department of Revenue, if required, and be responsible for payment of all taxes due on payments made under this Agreement.

21. RECORDS MAINTENANCE

21.1. During the term of this Agreement and for six years thereafter, the SUB-RECIPIENT shall maintain books, records, documents, and other evidence that sufficiently and properly reflect all direct and indirect costs expended in the performance of the services described herein. These records shall be subject to inspection, review, or audit by authorized personnel of the WTSC, the Office of the State Auditor, and federal officials so authorized by law. All books, records, documents, and other material relevant to this Agreement will be retained for six years after expiration. The Office of the State Auditor, federal auditors, the WTSC, and any duly authorized representatives shall have full access and the right to examine any of these materials during this period.

21.2. Records and other documents, in any medium, furnished by one Party to this Agreement to the other Party, will remain the property of the furnishing Party, unless otherwise agreed. The receiving Party will not disclose or make available this material to any third Parties without first giving notice to the furnishing Party and giving them a reasonable opportunity to respond. Each Party will utilize reasonable security procedures and protections to assure that records and documents provided by the other Party are not erroneously disclosed to third Parties.

22. RIGHT OF INSPECTION

The SUB-RECIPIENT shall provide right of access to its facilities to the WTSC or any of its officers, or to any other authorized agent or official of the state of Washington or the federal government, at all reasonable times, in order to monitor and evaluate performance, compliance, and/or quality assurance under this Agreement. The SUB-RECIPIENT shall make available information necessary for WTSC to comply with the

right to access, amend, and receive an accounting of disclosures of their Personal Information according to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) or any regulations enacted or revised pursuant to the HIPAA provisions and applicable provisions of Washington State law. The SUB-RECIPIENT shall upon request make available to the WTSC and the United States Secretary of the Department of Health and Human Services all internal policies and procedures, books, and records relating to the safeguarding, use, and disclosure of Personal Information obtained or used as a result of this Agreement.

23. RIGHTS IN DATA

23.1. WTSC and SUB-RECIPIENT agree that all data and work products (collectively called "Work Product") pursuant to this Agreement shall be considered works made for hire under the U.S. Copyright Act, 17 USC §101 et seq., and shall be owned by the state of Washington. Work Product includes, but is not limited to, reports, documents, pamphlets, advertisement, books, magazines, surveys, studies, computer programs, films, tapes, sound reproductions, designs, plans, diagrams, drawings, software, and/or databases to the extent provided by law. Ownership includes the right to copyright, register the copyright, distribute, prepare derivative works, publicly perform, publicly display, and the ability to otherwise use and transfer these rights.

23.2. If for any reason the Work Product would not be considered a work made for hire under applicable law, the SUB-RECIPIENT assigns and transfers to WTSC the entire right, title, and interest in and to all rights in the Work Product and any registrations and copyright applications relating thereto and any renewals and extensions thereof.

23.3. The SUB-RECIPIENT may publish, at its own expense, the results of project activities without prior review by the WTSC, provided that any publications (written, visual, or sound) contain acknowledgment of the support provided by NHTSA and the WTSC. Any discovery or invention derived from work performed under this project shall be referred to the WTSC, who will determine through NHTSA whether patent protections will be sought, how any rights will be administered, and other actions required to protect the public interest.

24. SAVINGS

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Agreement and prior to completion of the SOW under this Agreement, the WTSC may terminate the Agreement under the "TERMINATION FOR CONVENIENCE" clause, without the 30-day notice requirement. The Agreement is subject to renegotiation at the WTSC's discretion under any new funding limitations or conditions.

25. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Agreement, and to this end the provisions of this Agreement are declared to be severable.

26. SITE SECURITY

While on WTSC premises, the SUB-RECIPIENT, its agents, employees, or sub-contractors shall conform in all respects with all WTSC physical, fire, or other security policies and applicable regulations.

27. TAXES

All payments of payroll taxes, unemployment contributions, any other taxes, insurance, or other such expenses for the SUB-RECIPIENT or its staff shall be the sole responsibility of the SUB-RECIPIENT.

28. TERMINATION FOR CAUSE

If the SUB-RECIPIENT does not fulfill in a timely and proper manner its obligations under this Agreement or violates any of these terms and conditions, the WTSC will give the SUB-RECIPIENT written notice of such failure or violation, and may terminate this Agreement immediately. At the WTSC's discretion, the SUB-RECIPIENT may be given 15 days to correct the violation or failure. In the event that the SUB-RECIPIENT is given the opportunity to correct the violation and the violation is not corrected within the 15-day period, this Agreement may be terminated at the end of that period by written notice of the WTSC.

29. TERMINATION FOR CONVENIENCE

Except as otherwise provided in this Agreement, either Party may terminate this Agreement, without cause or reason, with 30 days written notice to the other Party. If this Agreement is so terminated, the WTSC shall be liable only for payment required under the terms of this Agreement for services rendered or goods delivered prior to the effective date of termination.

30. TREATMENT OF ASSETS

30.1. Title to all property furnished by the WTSC shall remain property of the WTSC. Title to all property furnished by the SUB-RECIPIENT for the cost of which the SUB-RECIPIENT is entitled to be reimbursed as a direct item of cost under this Agreement shall pass to and vest in the WTSC upon delivery of such property by the SUB-RECIPIENT. Title to other property, the cost of which is reimbursable to the SUB-RECIPIENT under this Agreement, shall pass to and vest in the WTSC upon (i) issuance for use of such property in the performance of this Agreement, or (ii) commencement of use of such property in the performance of this Agreement, or (iii) reimbursement of the cost thereof by the WTSC in whole or in part, whichever first occurs.

30.2. Any property of the WTSC furnished to the SUB-RECIPIENT shall, unless otherwise provided herein or approved by the WTSC, be used only for the performance of this Agreement.

30.3. The SUB-RECIPIENT shall be responsible for any loss or damage to property of the WTSC which results from the negligence of the SUB-RECIPIENT or which results from the failure on the part of the SUB-RECIPIENT to maintain and administer that property in accordance with sound management practices.

30.4. If any WTSC property is lost, destroyed, or damaged, the SUB-RECIPIENT shall immediately notify the WTSC and shall take all reasonable steps to protect the property from further damage.

30.5. The SUB-RECIPIENT shall surrender to the WTSC all property of the WTSC upon completion, termination, or cancellation of this Agreement.

30.6. All reference to the SUB-RECIPIENT under this clause shall also include SUB-RECIPIENT's employees, agents, or sub-contractors.

31. WAIVER

A failure by either Party to exercise its rights under this Agreement shall not preclude that Party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this Agreement.

APPLICABLE CERTIFICATIONS AND ASSURANCES FOR HIGHWAY SAFETY GRANTS (23 CFR PART 1300 APPENDIX A):

32. BUY AMERICA ACT

The SUB-RECIPIENT will comply with the Buy America requirement (23 U.S.C. 313) when purchasing items using federal funds. Buy America requires the SUB-RECIPIENT to purchase only steel, iron, and manufactured products produced in the United States, unless the Secretary of Transportation determines that such domestically produced items would be inconsistent with the public interest, that such materials are not reasonably available and of a satisfactory quality, or that inclusion of domestic materials will increase the cost of the overall project contract by more than 25 percent. In order to use federal funds to purchase foreign produced items, the WTSC must submit a waiver request that provides an adequate basis and justification, and which is approved by the Secretary of Transportation.

33. DEBARMENT AND SUSPENSION

Instructions for Lower Tier Certification

33.1. By signing this Agreement, the SUB-RECIPIENT (hereinafter in this section referred to as the "lower tier participant") is providing the certification set out below and agrees to comply with the requirements of 2 CFR part 180 and 23 CFR part 1300.

33.2. The certification in this section is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the lower tier participant knowingly rendered an erroneous certification, in addition to other remedies available to the federal government, the department or agency with which this transaction originated may pursue available remedies, including suspension and/or debarment.

33.3. The lower tier participant shall provide immediate written notice to the WTSC if at any time the lower tier participant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.

33.4. The terms covered transaction, debarment, suspension, ineligible, lower tier, participant, person, primary tier, principal, and voluntarily excluded, as used in this clause, have the meanings set out in the Definitions and Covered Transactions sections of 2 CFR part 180.

33.5. The lower tier participant agrees by signing this Agreement that it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart

9.4, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by NHTSA.

33.6. The lower tier participant further agrees by signing this Agreement that it will include the clause titled "Instructions for Lower Tier Certification" including the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transaction," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions, and will require lower tier participants to comply with 2 CFR part 180 and 23 CFR part 1300.

33.7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not proposed for debarment under 48 CFR part 9, subpart 9.4, debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Federal Procurement and Non-procurement Programs.

33.8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

33.9. Except for transactions authorized under paragraph 35.5. of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is proposed for debarment under 48 CFR part 9, subpart 9.4, suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, the department or agency with which this transaction originated may disallow costs, annul or terminate the transaction, issue a stop work order, debar or suspend you, or take other remedies as appropriate.

Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions

33.10. The lower tier participant certifies, by signing this Agreement, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

33.11. Where the lower tier participant is unable to certify to any of the statements in this certification, such participant shall attach an explanation to this Agreement.

34. THE DRUG-FREE WORKPLACE ACT OF 1988 (41 U.S.C. 8103)

34.1. The SUB-RECIPIENT shall:

34.1.1. Publish a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the workplace and shall specify the actions that will be taken against employees for violation of such prohibition.

34.1.2. Establish a drug-free awareness program to inform employees about the dangers of drug abuse in the workplace; the SUB-RECIPIENT's policy of maintaining a drug-free workplace; any available drug counseling, rehabilitation, and employee assistance programs; and the penalties that may be imposed upon employees for drug violations occurring in the workplace.

34.1.3. Make it a requirement that each employee engaged in the performance of the grant be given a copy of the statement required by paragraph 36.1.1. of this section.

34.1.4. Notify the employee in the statement required by paragraph 36.1.1. of this section that, as a condition of employment under the grant, the employee will abide by the terms of the statement, notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five days after such conviction, and notify the WTSC within 10 days after receiving notice from an employee or otherwise receiving actual notice of such conviction.

34.1.5. Take one of the following actions within 30 days of receiving notice under paragraph 36.1.3. of this section, with respect to any employee who is so convicted: take appropriate personnel action against such an employee, up to and including termination, and/or require such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency.

34.1.6. Make a good faith effort to continue to maintain a drug-free workplace through implementation of all of the paragraphs above.

35. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA)

In accordance with FFATA, the SUB-RECIPIENT shall, upon request, provide WTSC the names and total compensation of the five most highly compensated officers of the entity, if the entity in the preceding fiscal year received 80 percent or more of its annual gross revenues in federal awards, received $25,000,000 or more in annual gross revenues from federal awards, and if the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 or section 6104 of the Internal Revenue Code of 1986.

36. FEDERAL LOBBYING

36.1. The undersigned certifies, to the best of his or her knowledge and belief, that:

36.1.1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

36.1.2. If any funds other than federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this federal

contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, Disclosure Form to Report Lobbying, in accordance with its instructions.

36.1.3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-contracts, sub-grants, and contracts under grant, loans, and cooperative agreements), and that all sub-recipients shall certify and disclose accordingly.

36.2. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

37. NONDISCRIMINATION (Title VI, 42 U.S.C. § 2000d et seq.)

37.1. During the performance of this Agreement, the SUB-RECIPIENT agrees:

37.1.1. To comply with all federal nondiscrimination laws and regulations, as may be amended from time to time.

37.1.2. Not to participate directly or indirectly in the discrimination prohibited by any federal non-discrimination law or regulation, as set forth in Appendix B of 49 CFR Part 21 and herein.

37.1.3. To permit access to its books, records, accounts, other sources of information, and its facilities as required by the WTSC, USDOT, or NHTSA.

37.1.4. That, in the event a contractor/funding recipient fails to comply with any nondiscrimination provisions in this contract/funding Agreement, the WTSC will have the right to impose such contract/agreement sanctions as it or NHTSA determine are appropriate, including but not limited to withholding payments to the contractor/funding recipient under the contract/agreement until the contractor/funding recipient complies, and/or cancelling, terminating, or suspending a contract or funding agreement, in whole or in part.

37.1.5. To insert this clause, including all paragraphs, in every sub-contract and sub-agreement and in every solicitation for a sub-contract or sub-agreement that receives federal funds under this program.

38. POLITICAL ACTIVITY (HATCH ACT)

The SUB-RECIPIENT will comply with provisions of the Hatch Act (5 U.S.C. 1501-1508), which limit the political activities of employees whose principal employment activities are funded in whole or in part with federal funds.

39. PROHIBITION ON USING GRANT FUNDS TO CHECK FOR HELMET USAGE

The SUB-RECIPIENT will not use 23 U.S.C. Chapter 4 grant funds for programs to check helmet usage or to create checkpoints that specifically target motorcyclists. This Agreement does not include any aspects or elements of helmet usage or checkpoints, and so fully complies with this requirement.

40. STATE LOBBYING

None of the funds under this Agreement will be used for any activity specifically designed to urge or influence a state or local legislator to favor or oppose the adoption of any specific legislative proposal pending before any state or local legislative body. Such activities include both direct and indirect (e.g., "grassroots") lobbying activities, with one exception. This does not preclude a state official whose salary is supported with NHTSA funds from engaging in direct communications with state or local legislative officials, in accordance with customary state practice, even if such communications urge legislative officials to favor or oppose the adoption of a specific pending legislative proposal.

41. DESIGNATED CONTACTS

The following named individuals will serve as designated contacts for each of the Parties for all communications, notices, and reimbursement regarding this Agreement:

The Contact for the SUB-RECIPIENT is:	**The Target Zero Manager for Region 1 is:**	**The Contact for WTSC is:**
Alice Hoffman Chief Civil Deputy AHoffman@co.clallam.wa.us 360-417-2257	Josh Ley Region 1 Target Zero Manager jley@co.clallam.wa.us 360-417-2273	Hilary Torres WTSC Program Manager htorres@wtsc.wa.gov 360-725-9888

42. AUTHORITY TO SIGN

The undersigned acknowledges that they are authorized to execute this Agreement and bind their respective agencies or entities to the obligation set forth herein.

IN WITNESS WHEREOF, the parties have executed this Agreement.

Board of Clallam County Commissioners	**WASHINGTON TRAFFIC SAFETY COMMISSION**
Signature	Signature
Mark Ozias Printed Name	Printed Name
Chair of the Board Title	Title
Date	Date

Approved as to form only by

Bert Dee Boughton
Civil Deputy Prosecuting Attorney
Clallam County

CLALLAM COUNTY BUDGET CHANGE FORM

Date Submitted: 10/13/21 **Budget Hearing/Meeting Date:** 11/30/21

X **Supplemental Appropriation** – increased expenditures due to unanticipated federal, state, or local funds

__ **Debatable Emergency** – public emergency other than a non-debatable emergency which could not reasonably have been foreseen at the time of making the budget, requiring the expenditure of money not provided for in the budget.

__ **Non-debatable Emergency** – for the relief of a stricken community requiring immediate address; to meet mandatory expenditures required by law

__ **Budget Revision** – transfers or revisions within departments

__ **Budget Reduction** – a reduction in revenues and/or expenditures

Budget Number xxxxx.xxx.	00100.811	**Budget Name**	Sheriff - Operations

REVENUE/SOURCE

BUDGET NUMBER xxxxx.xxx.	DEPT NAME	BARS NUMBER xxxxx.xx.xxxx	ACCOUNT DESCRIPTION	AMOUNT
00100.811	Sheriff - Operations	33320.60.0008	WTSC HVE Flex Patrols	3,800
				3,800

EXPENDITURES

BUDGET NUMBER xxxxx.xxx.	DEPT NAME	BARS NUMBER xxxxx.xx.xxxx	ACCOUNT DESCRIPTION	AMOUNT
00100.811	Sheriff -Operations	52122.10.0500	Overtime – Patrol	3,800
				3,800

Revenue/Source and Expenditure totals must agree.

REASON FOR BUDGET ACTION:

Receipt of funding from the Washington Traffic Safety Commission that will be spent in FY2021 for the patrol overtime associated with the scheduled events in the scope of work of this agreement. The remainder of the funding will be received and spent in FY2022.

County Official Approval: _____

(Obtain Budget Office Approval Prior to Submission to Clerk of the Board)

5
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: DCD

WORK SESSION ☒ **Meeting Date: October 18, 2021**

REGULAR AGENDA ☒ **Meeting Date: October 26, 2021**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing
☒ Contract/Agreement/MOU - Contract # 334-21.006
☐ Resolution
☐ Proclamation
☐ Budget Item
☐ Draft Ordinance
☐ Final Ordinance
☐ Other

Documents exempt from public disclosure attached: ☐

Executive summary:
Clallam Marine Resources Committee was awarded a two-year grant from Northwest Straits Commission for $196,000. The award funds the CMRC's activities such as its intern program, Olympia oyster restoration, forage fish monitoring, public education and outreach, and shellfish biotoxin monitoring.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☒ not needed

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
Please sign the agreement.

County Official signature & print name: Mary Ellen Winborn

Name of Employee/Stakeholder attending meeting: Cathy Lear, Rebecca Paradis

Relevant Departments: DCD

Date submitted:

334.21.006 5 10/18/21

DEPARTMENT OF ECOLOGY
State of Washington

Agreement No. SEANWS-2021-ClCoCD-00006

SHORELANDS NORTHWEST STRAITS AGREEMENT

BETWEEN

THE STATE OF WASHINGTON DEPARTMENT OF ECOLOGY

AND

CLALLAM COUNTY

This is a binding Agreement entered into by and between the state of Washington, Department of Ecology, hereinafter referred to as "ECOLOGY," and Clallam County, hereinafter referred to as the "RECIPIENT," to carry out with the provided funds activities described herein.

GENERAL INFORMATION

Project Title:	Clallam Marine Resources Committee Operations
Total Cost:	$196,000.00
Total Eligible Cost:	$196,000.00
Ecology Share:	$196,000.00
Recipient Share:	$0.00
The Effective Date of this Agreement is:	10/01/2021
The Expiration Date of this Agreement is no later than:	09/30/2023
Project Type:	Northwest Straits Grant

Project Short Description:
The Clallam MRC works to achieve resource conservation and habitat protection within the Northwest Straits, through implementing priorities of the Puget Sound Action Agenda. This grant will support the Clallam MRC operations and projects for 2021-2023.

Project Long Description:
Clallam MRC will continue its work on outreach and education and will sponsor up to three student internships each Spring/Summer. Clallam MRC will continue Olympia oyster restoration efforts at locations two locations in Sequim Bay; continue forage fish monitoring at four locations in Clallam County and continue to support Washington Department of Fish and Wildlife in collecting samples west of Port Angeles; continue monitoring of kelp beds at 2-3 locations in Clallam County; and continue monitoring of at least five breeding pigeon guillemot colonies.

Overall Goal:

Overall goal is to conduct operations and projects to further the goals of the Northwest Straits Commission and the Puget Sound Partnership Action Agenda by providing up to three student internships, monitoring forage fish, pigeon guillemot colonies and kelp beds, and restoration of native Olympia oysters.

RECIPIENT INFORMATION

Organization Name: Clallam County

Federal Tax ID: 91-6001298
DUNS Number: 075739235

Mailing Address: 223 East 4th Street
Port Angeles, WA 98362

Physical Address: 223 East 4th St
Port Angeles, Washington 98362

Organization Fax: (360) 417-2443

Contacts

Project Manager	Rebecca Paradis Habitat Biologist 223 East 4th St Port Angeles, Washington 98362 Email: rparadis@co.clallam.wa.us Phone: (360) 417-2000
Billing Contact	Lori Kennedy 223 E. 4th Street, Suite 5 Port Angeles, Washington 98362 Email: lkennedy@co.clallam.wa.us Phone: (360) 417-2354
Authorized Signatory	Mark Ozias Commissioner 223 East 4th Street Port Angeles, Washington 98362 Email: mozias@co.clallam.wa.us Phone: (360) 417-2000

ECOLOGY INFORMATION

Mailing Address: Department of Ecology
Shorelands
PO BOX 47600
Olympia, WA 98504-7600

Physical Address: Shorelands
300 Desmond Drive SE
Lacey, WA 98503

Contacts

Project Manager	Sasha Horst Breazeale-Padilla Bay Interp. Center 10441 Bayview Edison Rd. Mt Vernon, Washington 98273-7242 Email: horst@nwstraits.org Phone: (360) 428-1084
Financial Manager	Cindy James PO Box 47600 Olympia, Washington 98504-7600 Email: cjam461@ecy.wa.gov Phone: (360) 280-8645
Technical Advisor	Dana Oster Breazeale-Padilla Bay Interp. Center 10441 Bayview Edison Rd. Mt Vernon, Washington 98273-7242 Email: DAOS461@ecy.wa.gov Phone: (360) 428-1043

AUTHORIZING SIGNATURES

RECIPIENT agrees to furnish the necessary personnel, equipment, materials, services, and otherwise do all things necessary for or incidental to the performance of work as set forth in this Agreement.

RECIPIENT acknowledges that they had the opportunity to review the entire Agreement, including all the terms and conditions of this Agreement, Scope of Work, attachments, and incorporated or referenced documents, as well as all applicable laws, statutes, rules, regulations, and guidelines mentioned in this Agreement. Furthermore, the RECIPIENT has read, understood, and accepts all requirements contained within this Agreement.

This Agreement contains the entire understanding between the parties, and there are no other understandings or representations other than as set forth, or incorporated by reference, herein.

No subsequent modifications or amendments to this agreement will be of any force or effect unless in writing, signed by authorized representatives of the RECIPIENT and ECOLOGY and made a part of this agreement. ECOLOGY and RECIPIENT may change their respective staff contacts without the concurrence of either party.

This Agreement shall be subject to the written approval of Ecology's authorized representative and shall not be binding until so approved.

The signatories to this Agreement represent that they have the authority to execute this Agreement and bind their respective organizations to this Agreement.

Washington State
Department of Ecology

By: _____

Joenne McGerr Date

Shorelands

Program Manager

Template Approved to Form by
Attorney General's Office

Clallam County

By: _____

Mark Ozias Date

Commissioner

Approved as to form only by

Bert Dee Boughton
Civil Deputy Prosecuting Attorney
Clallam County

SCOPE OF WORK

Task Number: 1 **Task Cost:** $131,400.00

Task Title: MRC Operations

Task Description:
The RECIPIENT will provide necessary project oversight to complete the scope of work in compliance with this ECOLOGY agreement, which includes project coordination, project management, and project administration.

• MRC operations: Schedule, prepare/distribute agenda and post public notices of MRC meetings; prepare and distribute minutes of MRC meetings; maintain current MRC membership list; recruit MRC members (if allowable by county) and provide onboarding for new members; track volunteer hours, in-kind support and leveraged funds and provide information quarterly to Northwest Straits Commission staff; communicate regularly with NWSC staff.

• MRC communication: Maintain MRC website (including current meeting schedules, agendas and projects); communicate regularly with county council/commission; increase awareness of the purpose of the MRC and its role in the county; communicate with relevant audiences about the projects and programs of the MRC.

• MRC grant administration: Ensure that grant agreement is implemented on schedule with satisfactory deliverables; prepare progress reports, final report and completion report for Northwest Straits Commission; track and administer budget, including spending out on deadlines per state and federal fiscal years; manage sub-contracts as applicable and provide copies to Northwest Straits Commission grant manager; prepare MRC workplan and MRC annual report to summarize MRC activities and progress; communicate revisions to or concerns about carrying out the agreement to Northwest Straits Commission staff.

• MRC training and representation: MRC members will attend Northwest Straits Initiative annual conference; MRC staff will participate in regular meetings and forums; a representative of the MRC will attend each Northwest Straits Commission meeting.

• MRC Advisory: MRCs will serve as a resource to county government to help identify local marine conservation and protection needs and recommend remedial actions; MRCs will advise county council/commission/executive on local and regional marine issues as appropriate and as requested.

• Local Integrating Organization: Where applicable, the MRC will participate in meetings and/or operations of the Local Integrating Organization (LIO) in order to participate in the planning process and action agenda update, including identification of Near Term Actions.

Task Goal Statement:
To carry out administrative and operational functions in support of the mission (including work plan preparation, developing and preparing project proposals, programmatic staff support, project monitoring and performance tracking, and communications), travel, planning and participation in training opportunities.

Task Expected Outcome:
The funds from this grant assist the MRC in the following ways:

• MRCs have a documented process to recruit and train members to be active participants and contributors to the work of the MRC.

• MRC project information is accessible and shared regularly through presentations, meetings, and web site.

• The MRC meets regularly in a public forum that is promoted locally to community members and decision makers.

• The MRC is informed of and contributes to the work of the Northwest Straits Commission.

• MRC volunteer hours and other local contributions to their work is documented and shared with the Commission and the County.

• The work of the MRC is planned in advance through an annual workplan and documented in an annual report.

• MRC members and staff contribute to other relevant local and regional processes related to marine issues.

Recipient Task Coordinator: Rebecca Paradis

MRC Operations

Deliverables

Number	Description	Due Date
1.1	Quarterly Progress Report	
1.2	Quarterly Reporting of Meeting Agendas , Minutes and Reports to the Commission	
1.3	Matching Funds/Volunteer Time Tracking	
1.4	Annual Workplan	
1.5	Annual Report	

SCOPE OF WORK

Task Number: 2 **Task Cost:** $48,800.00

Task Title: 2. Education and Outreach

Task Description:

2.1 Elwha Beach stewardship: To reduce impacts to the beach and water quality from human and pet waste, Clallam MRC will continue outreach and stewardship at West Elwha Beach, emphasizing the importance of preventing fecal bacterial pollution. The MRC will provide a portable toilet, pet waste bags, and a bin for depositing the bags. The MRC will track usage of the materials to determine effectiveness, conduct dike and beach surveys to track the amount of pet waste that is not disposed of in receptacles, and will share messages to local audiences through social media.

2.2 Internship program: Clallam MRC will reach out to college students or recent graduates and provide an opportunity to participate in hands-on local community science and/or outreach projects through an internship program. Clallam MRC will provide mentors for interns and collaborate with local partners on intern projects. Interns will present their work at the end of their internship, and the MRC will conduct a post-internship assessment to collect feedback from participants on the program.

Task Goal Statement:

2.1 Elwha Beach stewardship: Reduce fecal bacteria pollution on Elwha beach.

2.2 Internship program: The internship program will provide interns with an opportunity to participate in a hands-on local community science and outreach projects, learn professional skills, advance Clallam MRC projects, and engage with the local community on marine issues.

Task Expected Outcome:

2.1 Elwha Beach stewardship: Beach visitors will deposit pet and human waste in provided receptacles.

2.2 Internship program: At least three interns will participate in the program annually.

Recipient Task Coordinator: A. Soule, E. Bowlby, B. Vreeland, L. Muench, A. Clark, A. Schouten, J. Ward, T. Cochrane

2. Education and Outreach

Deliverables

Number	Description	Due Date
2.1	Recipient will submit year one interim internship report (including information about selected interns and projects) and upload to EAGL.	
2.2	Recipient will submit Elwha stewardship year one summary report (including summary of activities, copy of outreach materials, results of dike and beach surveys, summary of usage of pet waste bags, photos) and upload to EAGL	
2.3	Recipient will submit internship year one summary report (including summary of activities, copies of intern presentations, copies of post-internship assessment and results of assessment, lessons learned, photos) and upload to EAGL.	
2.4	Recipient will submit year two interim internship report (including information about selected interns and projects) and upload to EAGL.	
2.5	Recipient will submit Elwha stewardship year two summary report (including summary of activities, copy of outreach materials, results of dike and beach surveys, summary of usage of pet waste bags, photos) and upload to EAGL.	
2.6	Recipient will submit internship year two summary report (including summary of activities, copies of intern presentations, copies of post-internship assessment and results of assessment, lessons learned, photos) and upload to EAGL.	

SCOPE OF WORK

Task Number: 3 **Task Cost:** $9,300.00

Task Title: 3. Monitoring

Task Description:

3.1 Forage fish: Working in collaboration with the Northwest Straits Commission and Washington Department of Fish and Wildlife (WDFW) and using existing sampling protocols, Clallam MRC will continue to monitor forage fish spawning on a monthly basis at three locations to provide valuable information on seasonal and spatial spawning trends by forage fish in Clallam County.

3.2 Bull kelp: Clallam MRC will monitor floating kelp beds at three locations in the Strait of Juan de Fuca to provide valuable information on the annual spatial distribution of floating kelp communities in Clallam County. MRC will complete surveys during the dominant growing months, typically July through September.

3.3 Pigeon guillemot: Using the existing survey Salish Sea Guillemot Network protocol, Clallam MRC will conduct weekly pigeon guillemot breeding colony surveys annually during the summer months at six sites. The MRC may establish additional sites based on bird distribution and the number of new volunteers recruited.

Task Goal Statement:

3.1 Forage fish: The goals of the project are to document forage fish spawning events and build partnerships with tribes through shared project collaboration.

3.2 Bull kelp: The goal of the project is to monitor changes in local kelp populations and promote community science contributions to regional research.

3.3 Pigeon guillemot: The goals of the project are to monitor improve understanding of nearshore health by monitoring pigeon guillemots as an indicator species and to promote community science contributions to regional research.

Task Expected Outcome:

3.1 Forage fish: Monthly surveys will be completed at one index site and two restoration sites.

3.2 Bull kelp: Two kelp beds will be monitored between July-September annually.

3.3 Pigeon guillemot: At least 15 volunteers will participate in the weekly monitoring effort; monitoring data on six sites will be successfully collected and documented according to training protocols and integrated into the regional database.

Recipient Task Coordinator: 3.1 Tim Cochnauer 3.2 Alan Clark 3.3 Ed Bowlby

3. Monitoring

Deliverables

Number	Description	Due Date
3.1	Recipient will submit year one forage fish Quality Assurance Project Plan addendum and upload to EAGL.	
3.2	Recipient will submit year one bull kelp Quality Assurance Project Plan for motorized surveys and upload to EAGL.	
3.3	Recipient will submit year one bull kelp Quality Assurance Project Plan addendum and upload to EAGL.	
3.4	Recipient will submit year one pigeon guillemot Quality Assurance Project Plan addendum and upload to EAGL.	
3.5	Recipient will submit year one pigeon guillemot volunteer training materials and summary and upload to EAGL.	
3.6	Recipient will submit year one forage fish summary report (including description of activities, copy of collected data, photos) and upload to EAGL.	
3.7	Recipient will submit year one bull kelp summary report (including summary of activities, copy of data collected, photos) and upload to EAGL.	
3.8	Recipient will submit year one pigeon guillemot summary report (including summary of monitoring efforts, copy of data, map of monitoring area, photos) and upload to EAGL.	
3.9	Recipient will submit year two forage fish Quality Assurance Project Plan addendum and upload to EAGL.	
3.10	Recipient will submit year two bull kelp Quality Assurance Project Plan addendum and upload to EAGL.	
3.11	Recipient will submit year one bull kelp Quality Assurance Project Plan for motorized surveys addendum and upload to EAGL.	
3.12	Recipient will submit year two pigeon guillemot Quality Assurance Project Plan addendum and upload to EAGL.	
3.13	Recipient will submit year two pigeon guillemot volunteer training materials and summary and upload to EAGL.	
3.14	Recipient will submit year two forage fish report (including description of activities, copy of collected data, photos) and upload to EAGL.	
3.15	Recipient will submit year two bull kelp summary report (including summary of activities, copy of data collected, photos) and upload to EAGL.	

3.16	Recipient will submit year two pigeon guillemot summary report (including summary of monitoring efforts, copy of data, map of monitoring area, photos) and upload to EAGL.	

SCOPE OF WORK

Task Number: 4 **Task Cost:** $6,500.00

Task Title: 4. Olympia oyster restoration

Task Description:
In 2012 Clallam MRC partnered with Jamestown S'Klallam Tribe and Puget Sound Restoration Fund to initiate an Olympia oyster restoration site on tidelands in Sequim Bay. Using existing protocols, Clallam MRC and its partners will conduct annual population surveys at the two restoration sites and, if needed, provide additional shells as settling substrate for the oyster larvae. Surveys will provide an estimate of the density of oysters per square meter and an overall estimate of the population size at each of the sites.

Task Goal Statement:
The goal of this project is to expand the Olympia oyster populations in Sequim Bay to cover at least two self-sustaining acres.

Task Expected Outcome:
Olympia oysters will be surveyed to document survival, growth and recruitment at Sequim Bay restoration sites.

Recipient Task Coordinator: Lyn Muench, Chris Burns

4. Olympia oyster restoration

Deliverables

Number	Description	Due Date
4.1	Recipient will submit year one Olympia oyster Quality Assurance Project Plan and upload to EAGL.	
4.2	Recipient will submit year one final report (including summary of activities, results of population surveys, photos) and upload to EAGL.	
4.3	Recipient will submit year two Olympia oyster Quality Assurance Project Plan and upload to EAGL.	
4.4	Recipient will submit year two final report (including summary of activities, results of population surveys, photos) and upload to EAGL.	

BUDGET

Funding Distribution EG220114

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title: MTCA-Marine Resources Committees 21-23 Funding Type: Grant
Funding Effective Date: 10/01/2021 Funding Expiration Date: 06/30/2023

Funding Source:

Title: Model Toxics Control Operating Account (MTCOA)

Fund:
Type: State
Funding Source %: 100%
Description: To distribute equally among the seven Puget Sound Marine Resources Committees.

Approved Indirect Costs Rate: Approved Rate Negotiated Between ECOLOGY and RECIPIENT: 26.22%
Recipient Match %: 0%
InKind Interlocal Allowed: No
InKind Other Allowed: No
Is this Funding Distribution used to match a federal grant? Yes

MTCA-Marine Resources Committees 21-23	Task Total
MRC Operations	$ 98,000.00
2. Education and Outreach	$ 25,000.00
3. Monitoring	$ 7,000.00
4. Olympia oyster restoration	$ 0.00
	Total: $ 130,000.00

BUDGET

Funding Distribution EG220115

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title:	2021-22 Puget Sound Partnership/EPA	Funding Type:	Grant
Funding Effective Date:	10/01/2021	Funding Expiration Date:	09/30/2022

Funding Source:

Title:	Puget Sound Partnership/EPA
Fund:	
Type:	Federal
Funding Source %:	100%
Description:	

Federal Awarding Agency:	Environmental Protection Agency
Federal Awarding Agency Contact:	Jennifer Grimm-Puget Sound Partnership
Federal Awarding Agency Phone:	360-485-7419
Federal Awarding Agency Email:	Jennifer.grimm@psp.wa.gov
Federal Awarding Agency Address:	
CFDA Catalog Name:	National Estuary Program
CFDA Number:	66.456
FAIN:	
Research Grant:	No
Federal Award Date:	
Total Federal Award Amount:	$0.00
Federal Funds Obligated To Recipient:	$37,000.00

Approved Indirect Costs Rate:	Approved Rate Negotiated Between ECOLOGY and RECIPIENT: 26.22%
Recipient Match %:	0%
InKind Interlocal Allowed:	No
InKind Other Allowed:	No

Is this Funding Distribution used to match a federal grant? Yes

2021-22 Puget Sound Partnership/EPA	Task Total
MRC Operations	$ 17,800.00
2. Education and Outreach	$ 13,400.00
3. Monitoring	$ 1,800.00
4. Olympia oyster restoration	$ 4,000.00
	Total: $ 37,000.00

BUDGET

Funding Distribution EG220116

NOTE: *The above funding distribution number is used to identify this specific agreement and budget on payment remittances and may be referenced on other communications from ECOLOGY. Your agreement may have multiple funding distribution numbers to identify each budget.*

Funding Title:	2022-23 Puget Sound Partnership/EPA	Funding Type:	Grant
Funding Effective Date:	10/01/2022	Funding Expiration Date:	09/30/2023

Funding Source:

Title:	Puget Sound Partnership/EPA
Fund:	
Type:	Federal
Funding Source %:	100%
Description:	

Federal Awarding Agency:	Environmental Protection Agency
Federal Awarding Agency Contact:	Jennifer Grimm-Puget Sound Partnership
Federal Awarding Agency Phone:	360-485-7419
Federal Awarding Agency Email:	Jennifer.grimm@psp.wa.gov
Federal Awarding Agency Address:	
CFDA Catalog Name:	National Estuary Program
CFDA Number:	66.456
FAIN:	
Research Grant:	No
Federal Award Date:	
Total Federal Award Amount:	$0.00
Federal Funds Obligated To Recipient:	$29,000.00

Approved Indirect Costs Rate:	Approved Rate Negotiated Between ECOLOGY and RECIPIENT: 26.22%
Recipient Match %:	0%
InKind Interlocal Allowed:	No
InKind Other Allowed:	No

Is this Funding Distribution used to match a federal grant? Yes

2022-23 Puget Sound Partnership/EPA	Task Total
MRC Operations	$ 15,600.00
2. Education and Outreach	$ 10,400.00
3. Monitoring	$ 500.00
4. Olympia oyster restoration	$ 2,500.00
	Total: $ 29,000.00

Funding Distribution Summary

Recipient / Ecology Share

Funding Distribution Name	Recipient Match %	Recipient Share	Ecology Share	Total
MTCA-Marine Resources Committees 21-23	0.00 %	$ 0.00	$ 130,000.00	$ 130,000.00
2021-22 Puget Sound Partnership/EPA	0.00 %	$ 0.00	$ 37,000.00	$ 37,000.00
2022-23 Puget Sound Partnership/EPA	0.00 %	$ 0.00	$ 29,000.00	$ 29,000.00
Total		**$ 0.00**	**$ 196,000.00**	**$ 196,000.00**

AGREEMENT SPECIFIC TERMS AND CONDITIONS

N/A

SPECIAL TERMS AND CONDITIONS

CREDIT AND ACKNOWLEDGEMENT
Reports, documents, signage, videos, or other media, developed as part of projects funded by EPA funded Agreements shall display both the EPA and Puget Sound Partnership logos and the following credit line: "This project has been funded wholly or in part by the United States Environmental Protection Agency under Assistance Agreement [TBD] to Puget Sound Partnership. The contents of this document do not necessarily reflect the views and policies of the Environmental Protection Agency, nor does mention of trade names or commercial products constitute endorsement or recommendation for use."

1. INTRODUCTION
The below provisions are not listed on OMB Standard Form 424B (Rev 4- 2012). These provisions apply only to Sub-recipients.

2. AUDIT REQUIREMENTS
Sub-recipient CONTRACTOR shall meet the provisions in Office of Management and Budget (OMB) Guidance, Subpart F, §200.501 (Audit Requirements), if the CONTRACTOR expends
$750,000 or more in total Federal funds in a fiscal year. The $750,000 threshold for each year is a cumulative total of all federal funding from all sources. The CONTRACTOR shall forward a copy of the audit along with the RECIPIENT'S response and the final corrective action plan to Ecology within ninety (90) days of the date of the audit report. For complete information on how to accomplish the single audit submissions, visit the Federal Audit Clearinghouse Web site: http://harvester.census.gov/facweb/

3. COST PRINCIPLES/INDIRECT COSTS FOR STATE AGENCIES
GRANT RECIPIENT agrees to comply with the cost principles of 2 CFR 200 Subpart E as appropriate to the award.
In addition to the US Environmental Protection Agency's General Terms and Conditions "Indirect Cost Rate Agreements", if the recipient does not have a previously established indirect cost rate, it agrees to prepare and submit its indirect cost rate

proposal in accordance with 2 CFR 200 Appendix VII.

4. CIVIL RIGHTS OBLIGATIONS

This term and condition incorporates by reference the signed assurance provided by the recipient's authorized representative on Standard Form 424B. These assurances and this term and condition obligate the recipient to comply fully with applicable civil rights statutes and implementing EPA regulations.

5. NON DISCRIMINATION AND DISADVANTAGED, MBE, WBE BUSINESS ENTERPRISES ADDITIONAL REQUIREMENTS

CONTRACTOR agrees to comply with the requirements of EPA's Program for Utilization of Small, Minority, and Women's Business Enterprises in procurement, contained in 40 CFR, Part 33. CONTRACTOR shall include the following provision in all subcontracts involving use of federal funds:

In accordance with 40 CFR 33.106 and its Appendix A, the CONTRACTOR shall not discriminate on the basis of race, color, national origin or sex in the performance of this contract. The contractor administration shall carry out applicable requirements of 40 CFR part 33 in the award of contracts awarded under EPA financial assistance agreements. Failure by the contractor to carry out these requirements is a material breach of this contract which may result in the termination of this contract or other legally available remedies.

6. DRUG FREE WORKPLACE

CONTRACTOR (Sub-Recipient) shall make an ongoing, good faith effort to maintain a drug-free workplace pursuant to the specific requirements set forth in Title 2 CFR Part 1536 Subpart B. Additionally, in accordance with these regulations, the recipient organization shall identify all known workplaces under its federal award and keep this information on file during the performance of the award.

CONTRACTORS who are individuals must comply with the drug-free provisions set forth in Title 2 CFR Part 1536 Subpart C.

The consequences for violating this condition are detailed under Title 2 CFR Part 1536 Subpart
E. Recipient can access the Code of Federal Regulations (CFR) Title 2 Part 1536 at: http://ecfr.gpoaccess.gov.

7. INTERNATIONAL TRAVEL (Including Canada)

All International Travel must be approved by the US Environmental Protection Agency's, Office of International and Tribal Affairs (OITA) BEFORE travel occurs. Even a brief trip to a foreign country, for example to attend a conference, requires OITA approval. Please contact your Partnership Project manager as soon as possible if travel is planned out of the country, including Canada and/or Mexico, so that they can submit a request to the EPA Project Officer if they approve of such travel.

8. LEP (Limited English Proficiency) Title VI

As a recipient of EPA financial assistance, you are required by Title VI of the Civil Rights Act to provide meaningful access to LEP individuals. In implementing that requirement, the Sub- recipient agrees to use as a guide the Office of Civil Rights (OCR) document entitled "Guidance to Environmental Protection Agency Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons."

The guidance can be found at
http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=2004_register&docid=fr25jn04-79.pd.

In accepting this contract, the recipient acknowledges it has an affirmative obligation to implement effective Title VI compliance programs and ensure that its actions do not involve discriminatory treatment and do not have discriminatory effects even when facially neutral. The recipient must be prepared to demonstrate to EPA/PSP that such compliance programs exist and are being implemented or to otherwise demonstrate how it is meeting its Title VI obligations. For example, if CONTRACTOR's

responsibilities under this contract include gathering public input on an environmental issue, CONTRACTOR's communication with the public should attempt to minimize barriers that interfere with the ability of LEP persons to meaningfully participate.

9. MANAGEMENT FEES

Management fees or similar charges in excess of the direct costs and approved indirect rates are not allowable. The term "management fees or similar charges" refers to expenses added to the direct costs in order to accumulate and reserve funds for ongoing business expenses, unforeseen liabilities, or for other similar costs which are not allowable under this CONTRACT. Management fees or similar charges may not be used to improve or expand the project funded under this Agreement, except to the extent authorized as a direct cost of carrying out the scope of work.

10. PEER REVIEW

The results of this project may affect management decisions relating to Puget Sound. Prior to finalizing any significant technical products the Principal Investigator (PI) of this project must solicit advice, review, and feedback from a technical review or advisory group consisting of relevant subject matter specialists. A record of comments and a brief description of how respective comments are addressed by the PI will be provided to the Project Monitor prior to releasing any final reports or products resulting from the funded study.

11. REIMBURSEMENT LIMITATION

If CONTRACTOR expends more than the amount of the Environmental Protection Agency (EPA) funding in this agreement in anticipation of receiving additional funds from EPA, it does so at its own risk. EPA is not legally obligated to reimburse PSP, nor its sub-recipients, for costs incurred in excess of the EPA approved budget.

12. SIX GOOD FAITH EFFORTS, 40 CFR, PART 33, SUBPART C

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, service and supplies under an EPA financial assistance agreement, and to require that subrecipients, loan recipients, and prime contractor also comply. Records documenting compliance with the six good faith efforts shall be retained:

a) Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and Local Government recipients, this will include placing DBEs on solicitation lists and soliciting whenever they are potential sources.

b) Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

c) Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.

d) Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.

e) Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.

f) If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraph (a) through (e) of this section.

13. SUB-AWARDS

If CONTRACTOR (Sub-Recipient) makes sub-awards under this contract, CONTRACTOR is responsible for selecting its

sub-awardees and, if applicable, for conducting sub-award competitions. CONTRACTOR agrees to:

- Establish all sub-award agreements in writing;
- Maintain primary responsibility for ensuring successful completion of the approved project (Sub-Recipient cannot delegate or transfer this responsibility to a sub-awardee);
- Ensure that any sub-awards comply with the standards in Section 210(a)-(d) of OMB Circular A-133, and are not used to acquire commercial goods or services for the sub- awardee;
- Ensure that any sub-awards to 501(c)(4) organizations do not involve lobbying activities;
- Monitor the performance of sub-awardees, and ensure sub-awardees comply with all applicable regulations, statutes, and terms and conditions which flow down in the sub- award;
- Obtain Ecology's consent before making a sub-award to a foreign or international organization, or a sub-award to be performed in a foreign country; and
- Obtain approval from Ecology for any new sub-award work that is not outlined in the approved work plan in accordance with 40 CFR Parts 30.25 and 31.30, as applicable.

14. TRAFFICKING IN PERSONS AND TRAFFICKING VICTIM PROTECTION ACT OF 2000 (TVPA) AS AMENDED IN 22 U.S.C. 7104(g)

This provision applies only to a Sub-Recipient, and all sub-awardees of Sub-Recipient, if any. See page one (1) of this contract for determination of whether CONTRACTOR is a sub- recipient. Sub-Recipient shall include the following statement in all sub-awards made to any private entity under this Agreement.

"You as the Sub-Recipient, your employees, sub-awardees under this award, and sub- awardees' employees may not engage in severe forms of trafficking in persons during the period of time that the award is in effect; procure a commercial sex act during the period of time that the award is in effect; or use forced labor in the performance of the award or sub-awards under this Award."

Sub-Recipient, and all sub-awardees of Sub-Recipient must inform Ecology immediately of any information you receive from any source alleging a violation of this prohibition during the award term.

Federal agency funding this agreement may unilaterally terminate, without penalty, the funding award if this prohibition is violated, Section 106 of the Trafficking Victims Protection Act of 2000, as amended.

15. UNLIQUIDATED OBLIGATIONS (ULO)

Sub-recipients, and all sub-awardees of Sub-Recipients, if any, should manage their agreement and subaward funding in ways that reduce the length of time that federal funds obligated and committed to subaward projects are unspent (not yet drawn down through disbursements to sub-recipients and sub-awardees).

GENERAL FEDERAL CONDITIONS

If a portion or all of the funds for this agreement are provided through federal funding sources or this agreement is used to match a federal grant award, the following terms and conditions apply to you.

A. CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION:

1. The RECIPIENT/CONTRACTOR, by signing this agreement, certifies that it is not suspended, debarred, proposed for debarment, declared ineligible or otherwise excluded from contracting with the federal government, or from receiving contracts paid for with federal funds. If the RECIPIENT/CONTRACTOR is unable to certify to the statements contained in the certification, they must provide an explanation as to why they cannot.
2. The RECIPIENT/CONTRACTOR shall provide immediate written notice to ECOLOGY if at any time the RECIPIENT/CONTRACTOR learns that its certification was erroneous when submitted or had become erroneous by reason of changed circumstances.

3. The terms covered transaction, debarred, suspended, ineligible, lower tier covered transaction, participant, person, primary covered transaction, principal, proposal, and voluntarily excluded, as used in this clause, have the meaning set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact ECOLOGY for assistance in obtaining a copy of those regulations.
4. The RECIPIENT/CONTRACTOR agrees it shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under the applicable Code of Federal Regulations, debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction.
5. The RECIPIENT/CONTRACTOR further agrees by signing this agreement, that it will include this clause titled "CERTIFICATION REGARDING SUSPENSION, DEBARMENT, INELIGIBILITY OR VOLUNTARY EXCLUSION" without modification in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
6. Pursuant to 2CFR180.330, the RECIPIENT/CONTRACTOR is responsible for ensuring that any lower tier covered transaction complies with certification of suspension and debarment requirements.
7. RECIPIENT/CONTRACTOR acknowledges that failing to disclose the information required in the Code of Federal Regulations may result in the delay or negation of this funding agreement, or pursuance of legal remedies, including suspension and debarment.
8. RECIPIENT/CONTRACTOR agrees to keep proof in its agreement file, that it, and all lower tier recipients or contractors, are not suspended or debarred, and will make this proof available to ECOLOGY before requests for reimbursements will be approved for payment. RECIPIENT/CONTRACTOR must run a search in <http://www.sam.gov> and print a copy of completed searches to document proof of compliance.

B. FEDERAL FUNDING ACCOUNTABILITY AND TRANSPARENCY ACT (FFATA) REPORTING REQUIREMENTS:

CONTRACTOR/RECIPIENT must complete the FFATA Data Collection Form (ECY 070-395) and return it with the signed agreement to ECOLOGY.

Any CONTRACTOR/RECIPIENT that meets each of the criteria below must report compensation for its five top executives using the FFATA Data Collection Form.

- Receives more than $25,000 in federal funds under this award.
- Receives more than 80 percent of its annual gross revenues from federal funds.
- Receives more than $25,000,000 in annual federal funds.

Ecology will not pay any invoices until it has received a completed and signed FFATA Data Collection Form. Ecology is required to report the FFATA information for federally funded agreements, including the required DUNS number, at www.fsrs.gov <http://www.fsrs.gov/> within 30 days of agreement signature. The FFATA information will be available to the public at www.usaspending.gov <http://www.usaspending.gov/>.

For more details on FFATA requirements, see www.fsrs.gov <http://www.fsrs.gov/>.

C. FEDERAL FUNDING PROHIBITION ON CERTAIN TELECOMMUNICATIONS OR VIDEO SURVEILLANCE SERVICES OR EQUIPMENT:

As required by 2 CFR 200.216, federal grant or loan recipients and subrecipients are prohibited from obligating or expending loan or grant funds to:

1. Procure or obtain;
2. Extend or renew a contract to procure or obtain; or
3. Enter into a contract (or extend or renew a contract) to procure or obtain equipment, services, or systems that use covered telecommunications equipment, video surveillance services or services as a substantial or essential component of any system, or as critical technology as part of any system. As described in Public Law 115-232 <https://www.govinfo.gov/content/pkg/PLAW-115publ232/pdf/PLAW-115publ232.pdf>, section 889, covered telecommunications equipment is telecommunications equipment produced by Huawei Technologies Company or ZTE Corporation (or any subsidiary or affiliate of such entities).

Recipients, subrecipients, and borrowers also may not use federal funds to purchase certain prohibited equipment, systems, or services, including equipment, systems, or services produced or provided by entities identified in section 889, are recorded in the System for Award Management (SAM) <https://sam.gov/SAM/> exclusion list.

GENERAL TERMS AND CONDITIONS

Pertaining to Grant and Loan Agreements With the state of Washington, Department of Ecology

GENERAL TERMS AND CONDITIONS
For DEPARTMENT OF ECOLOGY GRANTS and LOANS
06/24/2021 Version

1. ADMINISTRATIVE REQUIREMENTS

a) RECIPIENT shall follow the "Administrative Requirements for Recipients of Ecology Grants and Loans – EAGL Edition." (https://fortress.wa.gov/ecy/publications/SummaryPages/1701004.html)

b) RECIPIENT shall complete all activities funded by this Agreement and be fully responsible for the proper management of all funds and resources made available under this Agreement.

c) RECIPIENT agrees to take complete responsibility for all actions taken under this Agreement, including ensuring all subgrantees and contractors comply with the terms and conditions of this Agreement. ECOLOGY reserves the right to request proof of compliance by subgrantees and contractors.

d) RECIPIENT's activities under this Agreement shall be subject to the review and approval by ECOLOGY for the extent and character of all work and services.

2. AMENDMENTS AND MODIFICATIONS

This Agreement may be altered, amended, or waived only by a written amendment executed by both parties. No subsequent modification(s) or amendment(s) of this Agreement will be of any force or effect unless in writing and signed by authorized representatives of both parties. ECOLOGY and the RECIPIENT may change their respective staff contacts and administrative information without the concurrence of either party.

3. ACCESSIBILITY REQUIREMENTS FOR COVERED TECHNOLOGY

The RECIPIENT must comply with the Washington State Office of the Chief Information Officer, OCIO Policy no. 188, Accessibility (https://ocio.wa.gov/policy/accessibility) as it relates to "covered technology." This requirement applies to all products supplied under the Agreement, providing equal access to information technology by individuals with disabilities, including and not limited to web sites/pages, web-based applications, software systems, video and audio content, and electronic documents intended for publishing on Ecology's public web site.

4. ARCHAEOLOGICAL AND CULTURAL RESOURCES

RECIPIENT shall take all reasonable action to avoid, minimize, or mitigate adverse effects to archaeological and historic archaeological sites, historic buildings/structures, traditional cultural places, sacred sites, or other cultural resources, hereby referred to as Cultural Resources.

The RECIPIENT must agree to hold harmless ECOLOGY in relation to any claim related to Cultural Resources discovered, disturbed, or damaged due to the RECIPIENT's project funded under this Agreement.

RECIPIENT shall:

a) Contact the ECOLOGY Program issuing the grant or loan to discuss any Cultural Resources requirements for their project:

• Cultural Resource Consultation and Review should be initiated early in the project planning process and must be completed prior to expenditure of Agreement funds as required by applicable State and Federal requirements.

* For state funded construction, demolition, or land acquisitions, comply with Governor Executive Order 21-02, Archaeological and Cultural Resources.

• For projects with any federal involvement, comply with the National Historic Preservation Act of 1966 (Section 106).

b) If required by the ECOLOGY Program, submit an Inadvertent Discovery Plan (IDP) to ECOLOGY prior to implementing any project that involves field activities. ECOLOGY will provide the IDP form.

RECIPIENT shall:

• Keep the IDP at the project site.
• Make the IDP readily available to anyone working at the project site.
• Discuss the IDP with staff, volunteers, and contractors working at the project site.
• Implement the IDP when Cultural Resources or human remains are found at the project site.

c) If any Cultural Resources are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.

• Immediately stop work and notify the ECOLOGY Program, who will notify the Department of Archaeology and Historic Preservation at (360) 586-3065, any affected Tribe, and the local government.

d) If any human remains are found while conducting work under this Agreement, follow the protocol outlined in the project IDP.

• Immediately stop work and notify the local Law Enforcement Agency or Medical Examiner/Coroner's Office, the Department of Archaeology and Historic Preservation at (360) 790-1633, and then the ECOLOGY Program.

e) Comply with RCW 27.53, RCW 27.44, and RCW 68.50.645, and all other applicable local, state, and federal laws protecting Cultural Resources and human remains.

5. ASSIGNMENT

No right or claim of the RECIPIENT arising under this Agreement shall be transferred or assigned by the RECIPIENT.

6. COMMUNICATION

RECIPIENT shall make every effort to maintain effective communications with the RECIPIENT's designees, ECOLOGY, all affected local, state, or federal jurisdictions, and any interested individuals or groups.

7. COMPENSATION

a) Any work performed prior to effective date of this Agreement will be at the sole expense and risk of the RECIPIENT. ECOLOGY must sign the Agreement before any payment requests can be submitted.

b) Payments will be made on a reimbursable basis for approved and completed work as specified in this Agreement.

c) RECIPIENT is responsible to determine if costs are eligible. Any questions regarding eligibility should be clarified with ECOLOGY prior to incurring costs. Costs that are conditionally eligible require approval by ECOLOGY prior to expenditure.

d) RECIPIENT shall not invoice more than once per month unless agreed on by ECOLOGY.

e) ECOLOGY will not process payment requests without the proper reimbursement forms, Progress Report and supporting documentation. ECOLOGY will provide instructions for submitting payment requests.

f) ECOLOGY will pay the RECIPIENT thirty (30) days after receipt of a properly completed request for payment.

g) RECIPIENT will receive payment through Washington State's Office of Financial Management's Statewide Payee Desk. To receive payment you must register as a statewide vendor by submitting a statewide vendor registration form and an IRS W-9 form at website, https://ofm.wa.gov/it-systems/statewide-vendorpayee-services. If you have questions about the vendor registration process, you can contact Statewide Payee Help Desk at (360) 407-8180 or email PayeeRegistration@ofm.wa.gov.

h) ECOLOGY may, at its sole discretion, withhold payments claimed by the RECIPIENT if the RECIPIENT fails to satisfactorily comply with any term or condition of this Agreement.

i) Monies withheld by ECOLOGY may be paid to the RECIPIENT when the work described herein, or a portion thereof, has been completed if, at ECOLOGY's sole discretion, such payment is reasonable and approved according to this Agreement, as appropriate, or upon completion of an audit as specified herein.

j) RECIPIENT must submit within thirty (30) days after the expiration date of this Agreement, all financial, performance, and other reports required by this Agreement. Failure to comply may result in delayed reimbursement.

8. COMPLIANCE WITH ALL LAWS

RECIPIENT agrees to comply fully with all applicable federal, state and local laws, orders, regulations, and permits related to this Agreement, including but not limited to:

a) RECIPIENT agrees to comply with all applicable laws, regulations, and policies of the United States and the State of Washington which affect wages and job safety.

b) RECIPIENT agrees to be bound by all applicable federal and state laws, regulations, and policies against discrimination.

c) RECIPIENT certifies full compliance with all applicable state industrial insurance requirements.

d) RECIPIENT agrees to secure and provide assurance to ECOLOGY that all the necessary approvals and permits required by authorities having jurisdiction over the project are obtained. RECIPIENT must include time in their project timeline for the permit and approval processes.

ECOLOGY shall have the right to immediately terminate for cause this Agreement as provided herein if the RECIPIENT fails to comply with above requirements.

If any provision of this Agreement violates any statute or rule of law of the state of Washington, it is considered modified to conform to that statute or rule of law.

9. CONFLICT OF INTEREST

RECIPIENT and ECOLOGY agree that any officer, member, agent, or employee, who exercises any function or responsibility in the review, approval, or carrying out of this Agreement, shall not have any personal or financial interest, direct or indirect, nor affect the interest of any corporation, partnership, or association in which he/she is a part, in this Agreement or the proceeds thereof.

10. CONTRACTING FOR GOODS AND SERVICES

RECIPIENT may contract to buy goods or services related to its performance under this Agreement. RECIPIENT shall award all contracts for construction, purchase of goods, equipment, services, and professional architectural and engineering services through a competitive process, if required by State law. RECIPIENT is required to follow procurement procedures that ensure legal, fair, and open competition.

RECIPIENT must have a standard procurement process or follow current state procurement procedures. RECIPIENT may be required to provide written certification that they have followed their standard procurement procedures and applicable state law in awarding contracts under this Agreement.

ECOLOGY reserves the right to inspect and request copies of all procurement documentation, and review procurement practices related to this Agreement. Any costs incurred as a result of procurement practices not in compliance with state procurement law or the RECIPIENT's normal procedures may be disallowed at ECOLOGY's sole discretion.

11. DISPUTES

When there is a dispute with regard to the extent and character of the work, or any other matter related to this Agreement the determination of ECOLOGY will govern, although the RECIPIENT shall have the right to appeal decisions as provided for below:

a) RECIPIENT notifies the funding program of an appeal request.

b) Appeal request must be in writing and state the disputed issue(s).

c) RECIPIENT has the opportunity to be heard and offer evidence in support of its appeal.

d) ECOLOGY reviews the RECIPIENT's appeal.

e) ECOLOGY sends a written answer within ten (10) business days, unless more time is needed, after concluding the review.

The decision of ECOLOGY from an appeal will be final and conclusive, unless within thirty (30) days from the date of such decision, the RECIPIENT furnishes to the Director of ECOLOGY a written appeal. The decision of the Director or duly authorized representative will be final and conclusive.
The parties agree that this dispute process will precede any action in a judicial or quasi-judicial tribunal.
Appeals of the Director's decision will be brought in the Superior Court of Thurston County. Review of the Director's decision will not be taken to Environmental and Land Use Hearings Office.
Pending final decision of a dispute, the RECIPIENT agrees to proceed diligently with the performance of this Agreement and in accordance with the decision rendered.
Nothing in this Agreement will be construed to limit the parties' choice of another mutually acceptable method, in addition to the dispute resolution procedure outlined above.

12. ENVIRONMENTAL DATA STANDARDS

a) RECIPIENT shall prepare a Quality Assurance Project Plan (QAPP) for a project that collects or uses environmental measurement data. RECIPIENTS unsure about whether a QAPP is required for their project shall contact the ECOLOGY Program issuing the grant or loan. If a QAPP is required, the RECIPIENT shall:

- Use ECOLOGY's QAPP Template/Checklist provided by the ECOLOGY, unless ECOLOGY Quality Assurance (QA) officer or the Program QA coordinator instructs otherwise.
- Follow ECOLOGY's Guidelines for Preparing Quality Assurance Project Plans for Environmental Studies, July 2004 (Ecology Publication No. 04-03-030).
- Submit the QAPP to ECOLOGY for review and approval before the start of the work.

b) RECIPIENT shall submit environmental data that was collected on a project to ECOLOGY using the Environmental Information Management system (EIM), unless the ECOLOGY Program instructs otherwise. The RECIPIENT must confirm with ECOLOGY that complete and correct data was successfully loaded into EIM, find instructions at: http://www.ecy.wa.gov/eim.
c) RECIPIENT shall follow ECOLOGY's data standards when Geographic Information System (GIS) data is collected and processed. Guidelines for Creating and Accessing GIS Data are available at: https://ecology.wa.gov/Research-Data/Data-resources/Geographic-Information-Systems-GIS/Standards. RECIPIENT, when requested by ECOLOGY, shall provide copies to ECOLOGY of all final GIS data layers, imagery, related tables, raw data collection files, map products, and all metadata and project documentation.

13. GOVERNING LAW

This Agreement will be governed by the laws of the State of Washington, and the venue of any action brought hereunder will be in the Superior Court of Thurston County.

14. INDEMNIFICATION

ECOLOGY will in no way be held responsible for payment of salaries, consultant's fees, and other costs related to the project described herein, except as provided in the Scope of Work.
To the extent that the Constitution and laws of the State of Washington permit, each party will indemnify and hold the other harmless from and against any liability for any or all injuries to persons or property arising from the negligent act or omission of that party or that party's agents or employees arising out of this Agreement.

15. INDEPENDENT STATUS

The employees, volunteers, or agents of each party who are engaged in the performance of this Agreement will continue to be employees, volunteers, or agents of that party and will not for any purpose be employees, volunteers, or agents of the other party.

16. KICKBACKS

RECIPIENT is prohibited from inducing by any means any person employed or otherwise involved in this Agreement to give up any part of the compensation to which he/she is otherwise entitled to or receive any fee, commission, or gift in return for award of a subcontract hereunder.

17. MINORITY AND WOMEN'S BUSINESS ENTERPRISES (MWBE)

RECIPIENT is encouraged to solicit and recruit, to the extent possible, certified minority-owned (MBE) and women-owned (WBE) businesses in purchases and contracts initiated under this Agreement.

Contract awards or rejections cannot be made based on MWBE participation; however, the RECIPIENT is encouraged to take the following actions, when possible, in any procurement under this Agreement:

a) Include qualified minority and women's businesses on solicitation lists whenever they are potential sources of goods or services.

b) Divide the total requirements, when economically feasible, into smaller tasks or quantities, to permit maximum participation by qualified minority and women's businesses.

c) Establish delivery schedules, where work requirements permit, which will encourage participation of qualified minority and women's businesses.

d) Use the services and assistance of the Washington State Office of Minority and Women's Business Enterprises (OMWBE) (866-208-1064) and the Office of Minority Business Enterprises of the U.S. Department of Commerce, as appropriate.

18. ORDER OF PRECEDENCE

In the event of inconsistency in this Agreement, unless otherwise provided herein, the inconsistency shall be resolved by giving precedence in the following order: (a) applicable federal and state statutes and regulations; (b) The Agreement; (c) Scope of Work; (d) Special Terms and Conditions; (e) Any provisions or terms incorporated herein by reference, including the "Administrative Requirements for Recipients of Ecology Grants and Loans"; (f) Ecology Funding Program Guidelines; and (g) General Terms and Conditions.

19. PRESENTATION AND PROMOTIONAL MATERIALS

ECOLOGY reserves the right to approve RECIPIENT's communication documents and materials related to the fulfillment of this Agreement:

a) If requested, RECIPIENT shall provide a draft copy to ECOLOGY for review and approval ten (10) business days prior to production and distribution.

b) RECIPIENT shall include time for ECOLOGY's review and approval process in their project timeline.

c) If requested, RECIPIENT shall provide ECOLOGY two (2) final copies and an electronic copy of any tangible products developed.

Copies include any printed materials, and all tangible products developed such as brochures, manuals, pamphlets, videos, audio tapes, CDs, curriculum, posters, media announcements, or gadgets with a message, such as a refrigerator magnet, and any online communications, such as web pages, blogs, and twitter campaigns. If it is not practical to provide a copy, then the RECIPIENT shall provide a description (photographs, drawings, printouts, etc.) that best represents the item.

Any communications intended for public distribution that uses ECOLOGY's logo shall comply with ECOLOGY's graphic requirements and any additional requirements specified in this Agreement. Before the use of ECOLOGY's logo contact ECOLOGY for guidelines.

RECIPIENT shall acknowledge in the communications that funding was provided by ECOLOGY.

20. PROGRESS REPORTING

a) RECIPIENT must satisfactorily demonstrate the timely use of funds by submitting payment requests and progress reports to ECOLOGY. ECOLOGY reserves the right to amend or terminate this Agreement if the RECIPIENT does not document timely use of funds.
b) RECIPIENT must submit a progress report with each payment request. Payment requests will not be processed without a progress report. ECOLOGY will define the elements and frequency of progress reports.
c) RECIPIENT shall use ECOLOGY's provided progress report format.
d) Quarterly progress reports will cover the periods from January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports shall be submitted within thirty (30) days after the end of the quarter being reported.
e) RECIPIENT must submit within thirty (30) days of the expiration date of the project, unless an extension has been approved by ECOLOGY, all financial, performance, and other reports required by the Agreement and funding program guidelines. RECIPIENT shall use the ECOLOGY provided closeout report format.

21. PROPERTY RIGHTS

a) Copyrights and Patents. When the RECIPIENT creates any copyrightable materials or invents any patentable property under this Agreement, the RECIPIENT may copyright or patent the same but ECOLOGY retains a royalty free, nonexclusive, and irrevocable license to reproduce, publish, recover, or otherwise use the material(s) or property, and to authorize others to use the same for federal, state, or local government purposes.
b) Publications. When the RECIPIENT or persons employed by the RECIPIENT use or publish ECOLOGY information; present papers, lectures, or seminars involving information supplied by ECOLOGY; or use logos, reports, maps, or other data in printed reports, signs, brochures, pamphlets, etc., appropriate credit shall be given to ECOLOGY.
c) Presentation and Promotional Materials. ECOLOGY shall have the right to use or reproduce any printed or graphic materials produced in fulfillment of this Agreement, in any manner ECOLOGY deems appropriate. ECOLOGY shall acknowledge the RECIPIENT as the sole copyright owner in every use or reproduction of the materials.
d) Tangible Property Rights. ECOLOGY's current edition of "Administrative Requirements for Recipients of Ecology Grants and Loans," shall control the use and disposition of all real and personal property purchased wholly or in part with funds furnished by ECOLOGY in the absence of state and federal statutes, regulations, or policies to the contrary, or upon specific instructions with respect thereto in this Agreement.
e) Personal Property Furnished by ECOLOGY. When ECOLOGY provides personal property directly to the RECIPIENT for use in performance of the project, it shall be returned to ECOLOGY prior to final payment by ECOLOGY. If said property is lost, stolen, or damaged while in the RECIPIENT's possession, then ECOLOGY shall be reimbursed in cash or by setoff by the RECIPIENT for the fair market value of such property.
f) Acquisition Projects. The following provisions shall apply if the project covered by this Agreement includes funds for the acquisition of land or facilities:
1. RECIPIENT shall establish that the cost is fair value and reasonable prior to disbursement of funds provided for in this Agreement.
2. RECIPIENT shall provide satisfactory evidence of title or ability to acquire title for each parcel prior to disbursement of funds provided by this Agreement. Such evidence may include title insurance policies, Torrens certificates, or abstracts, and attorney's opinions establishing that the land is free from any impediment, lien, or claim which would impair the uses intended by this Agreement.
g) Conversions. Regardless of the Agreement expiration date, the RECIPIENT shall not at any time convert any equipment, property, or facility acquired or developed under this Agreement to uses other than those for which assistance was originally approved without prior written approval of ECOLOGY. Such approval may be conditioned upon payment to ECOLOGY of that portion of the proceeds of the sale, lease, or other conversion or encumbrance which monies granted pursuant to this Agreement bear to the total acquisition, purchase, or construction costs of such property.

22. RECORDS, AUDITS, AND INSPECTIONS

RECIPIENT shall maintain complete program and financial records relating to this Agreement, including any engineering documentation and field inspection reports of all construction work accomplished.

All records shall:

a) Be kept in a manner which provides an audit trail for all expenditures.

b) Be kept in a common file to facilitate audits and inspections.

c) Clearly indicate total receipts and expenditures related to this Agreement.

d) Be open for audit or inspection by ECOLOGY, or by any duly authorized audit representative of the State of Washington, for a period of at least three (3) years after the final grant payment or loan repayment, or any dispute resolution hereunder. RECIPIENT shall provide clarification and make necessary adjustments if any audits or inspections identify discrepancies in the records.

ECOLOGY reserves the right to audit, or have a designated third party audit, applicable records to ensure that the state has been properly invoiced. Any remedies and penalties allowed by law to recover monies determined owed will be enforced. Repetitive instances of incorrect invoicing or inadequate records may be considered cause for termination.

All work performed under this Agreement and any property and equipment purchased shall be made available to ECOLOGY and to any authorized state, federal or local representative for inspection at any time during the course of this Agreement and for at least three (3) years following grant or loan termination or dispute resolution hereunder.

RECIPIENT shall provide right of access to ECOLOGY, or any other authorized representative, at all reasonable times, in order to monitor and evaluate performance, compliance, and any other conditions under this Agreement.

23. RECOVERY OF FUNDS

The right of the RECIPIENT to retain monies received as reimbursement payments is contingent upon satisfactory performance of this Agreement and completion of the work described in the Scope of Work.

All payments to the RECIPIENT are subject to approval and audit by ECOLOGY, and any unauthorized expenditure(s) or unallowable cost charged to this Agreement shall be refunded to ECOLOGY by the RECIPIENT.

RECIPIENT shall refund to ECOLOGY the full amount of any erroneous payment or overpayment under this Agreement.

RECIPIENT shall refund by check payable to ECOLOGY the amount of any such reduction of payments or repayments within thirty (30) days of a written notice. Interest will accrue at the rate of twelve percent (12%) per year from the time ECOLOGY demands repayment of funds.

Any property acquired under this Agreement, at the option of ECOLOGY, may become ECOLOGY's property and the RECIPIENT's liability to repay monies will be reduced by an amount reflecting the fair value of such property.

24. SEVERABILITY

If any provision of this Agreement or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Agreement which can be given effect without the invalid provision, and to this end the provisions of this Agreement are declared to be severable.

25. STATE ENVIRONMENTAL POLICY ACT (SEPA)

RECIPIENT must demonstrate to ECOLOGY's satisfaction that compliance with the requirements of the State Environmental Policy Act (Chapter 43.21C RCW and Chapter 197-11 WAC) have been or will be met. Any reimbursements are subject to this provision.

26. SUSPENSION

When in the best interest of ECOLOGY, ECOLOGY may at any time, and without cause, suspend this Agreement or any portion thereof for a temporary period by written notice from ECOLOGY to the RECIPIENT. RECIPIENT shall resume performance on the next business day following the suspension period unless another day is specified by ECOLOGY.

27. SUSTAINABLE PRACTICES

In order to sustain Washington's natural resources and ecosystems, the RECIPIENT is fully encouraged to implement sustainable practices and to purchase environmentally preferable products under this Agreement.

a) Sustainable practices may include such activities as: use of clean energy, use of double-sided printing, hosting low impact meetings, and setting up recycling and composting programs.

b) Purchasing may include such items as: sustainably produced products and services, EPEAT registered computers and imaging equipment, independently certified green cleaning products, remanufactured toner cartridges, products with reduced packaging, office products that are refillable, rechargeable, and recyclable, 100% post-consumer recycled paper, and toxic free products.

For more suggestions visit ECOLOGY's web page, Green Purchasing, https://ecology.wa.gov/Regulations-Permits/Guidance-technical-assistance/Sustainable-purchasing.

28. TERMINATION

a) For Cause

ECOLOGY may terminate for cause this Agreement with a seven (7) calendar days prior written notification to the RECIPIENT, at the sole discretion of ECOLOGY, for failing to perform an Agreement requirement or for a material breach of any term or condition. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Failure to Commence Work. ECOLOGY reserves the right to terminate this Agreement if RECIPIENT fails to commence work on the project funded within four (4) months after the effective date of this Agreement, or by any date mutually agreed upon in writing for commencement of work, or the time period defined within the Scope of Work.

Non-Performance. The obligation of ECOLOGY to the RECIPIENT is contingent upon satisfactory performance by the RECIPIENT of all of its obligations under this Agreement. In the event the RECIPIENT unjustifiably fails, in the opinion of ECOLOGY, to perform any obligation required of it by this Agreement, ECOLOGY may refuse to pay any further funds, terminate in whole or in part this Agreement, and exercise any other rights under this Agreement.

Despite the above, the RECIPIENT shall not be relieved of any liability to ECOLOGY for damages sustained by ECOLOGY and the State of Washington because of any breach of this Agreement by the RECIPIENT. ECOLOGY may withhold payments for the purpose of setoff until such time as the exact amount of damages due ECOLOGY from the RECIPIENT is determined.

b) For Convenience

ECOLOGY may terminate for convenience this Agreement, in whole or in part, for any reason when it is the best interest of ECOLOGY, with a thirty (30) calendar days prior written notification to the RECIPIENT, except as noted below. If this Agreement is so terminated, the parties shall be liable only for performance rendered or costs incurred in accordance with the terms of this Agreement prior to the effective date of termination.

Non-Allocation of Funds. ECOLOGY's ability to make payments is contingent on availability of funding. In the event funding from state, federal or other sources is withdrawn, reduced, or limited in any way after the effective date and prior to the completion or expiration date of this Agreement, ECOLOGY, at its sole discretion, may elect to terminate the Agreement, in whole or part, or renegotiate the Agreement, subject to new funding limitations or conditions. ECOLOGY may also elect to suspend performance of the Agreement until ECOLOGY determines the funding insufficiency is resolved. ECOLOGY may exercise any of these options with no notification or restrictions, although ECOLOGY will make a reasonable attempt to provide notice.

In the event of termination or suspension, ECOLOGY will reimburse eligible costs incurred by the RECIPIENT through the effective date of termination or suspension. Reimbursed costs must be agreed to by ECOLOGY and the RECIPIENT. In no

event shall ECOLOGY's reimbursement exceed ECOLOGY's total responsibility under the Agreement and any amendments. If payments have been discontinued by ECOLOGY due to unavailable funds, the RECIPIENT shall not be obligated to repay monies which had been paid to the RECIPIENT prior to such termination.
RECIPIENT's obligation to continue or complete the work described in this Agreement shall be contingent upon availability of funds by the RECIPIENT's governing body.

c) By Mutual Agreement
ECOLOGY and the RECIPIENT may terminate this Agreement, in whole or in part, at any time, by mutual written agreement.

d) In Event of Termination
All finished or unfinished documents, data studies, surveys, drawings, maps, models, photographs, reports or other materials prepared by the RECIPIENT under this Agreement, at the option of ECOLOGY, will become property of ECOLOGY and the RECIPIENT shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents and other materials.
Nothing contained herein shall preclude ECOLOGY from demanding repayment of all funds paid to the RECIPIENT in accordance with Recovery of Funds, identified herein.

29. THIRD PARTY BENEFICIARY
RECIPIENT shall ensure that in all subcontracts entered into by the RECIPIENT pursuant to this Agreement, the state of Washington is named as an express third party beneficiary of such subcontracts with full rights as such.

30. WAIVER
Waiver of a default or breach of any provision of this Agreement is not a waiver of any subsequent default or breach, and will not be construed as a modification of the terms of this Agreement unless stated as such in writing by the authorized representative of ECOLOGY.

End of General Terms and Conditions

4
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Public Works/Roads Dept.

WORK SESSION ☒ **Meeting Date: October 18, 2021**

REGULAR AGENDA ☒ **Meeting Date: October 26, 2021**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing
☐ Resolution
☐ Draft Ordinance
☐ Contract/Agreement/MOU - Contract #
☐ Proclamation
☐ Final Ordinance
☐ Budget Item
☒ Other 6-Year Transportation Imp. Program

Documents exempt from public disclosure attached: ☐

Executive summary:

The Clallam County Six-Year Transportation Improvement Program (TIP) is updated annually pursuant to RCW 36.81.121. The Six-Year TIP identifies current and planned transportation improvement projects over the next six years for roads (e.g., new construction, reconstruction, widening, resurfacing, etc...), bridges, non-motorized trails (e.g., Olympic Discovery Trail) and other improvements (e.g., culvert replacements) related to Clallam County managed transportation facilities. It also serves as the basis for preparing and adopting the County's Annual Construction Program for transportation improvements. The Six Year TIP does not include general maintenance (e.g., chip seal surfacing) of the County's transportation system that is a significant part of the Department annual operations and budget.

Attached is the *Draft 6-Year TIP (2022-2027)*. At the work session, staff will brief the Board on the project implementation related to the current Six-Year TIP, new projects proposed to be added to the TIP, and other proposed TIP updates. Staff will also review the schedule for the update of the Six-Year TIP and Annual Construction Program and upcoming opportunities for public review and input.

The planned Six-Year TIP (2022-2027) Update Schedule is as follows:

• Board of County Commissioners—Work Session Briefing	October 18, 2021
• Planning Commission—Work Session Briefing	October 20, 2021
• Board of County Commissioners—Call for Hearing	October 26, 2021
• Planning Commission—Public Hearing	November 3, 2021
• Board of County Commissioners—Public Hearing & Possible Adoption	November 23, 2021
• Board of County Commissioners: Six-Year TIP (2022-2027) Adoption *(if needed)* and Annual Construction Program Adoption	November 30 or December 7, 2021

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐

Clallam County transportation improvement projects are based on the adopted Six-Year TIP and Annual Construction Program. Pursuant to RCW 36.81.121 and WAC 136-16-018, Clallam County must adopt both an updated Six-Year TIP for the ensuing six calendar years (i.e., 2022-2027) and also an updated Annual Construction Program for the ensuing year (i.e., 2022) ***prior to*** adopting the Clallam County 2022 Budget.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)

Review the *Draft Six-Year TIP (2022-2027)* and update schedule. Staff recommends the Board hold a public hearing on the Draft Six-Year TIP (2022-2027) on November 23, 2021. The Department will submit a call for hearing for action at the Board's October 26, 2021 regular-meeting.

County Official signature & print name: R. Tyler, ROSS TYLER

Name of Employee/Stakeholder attending meeting: Steve Gray

Relevant Departments: Public Works/Road Department

Date submitted: October 13, 2021

SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 TO 2027

Clallam County Public Works/Roads Department
223 E. Fourth Street, Suite 6
Port Angeles, WA 98362-3000
roads@co.clallam.wa.us

Clallam County Six-Year (2022-2027) Transportation Improvement Program (TIP)

Guide to Codes and Acronyms

Road Functional Class

06=Rural Minor Arterial
07=Rural Major Collector
08=Rural Minor Collector
09=Rural Local Access
16=Urban Minor Arterial
17=Urban Collector Arterial
18=Urban Minor Collector
19=Urban Local Access
00=No functional classification (e.g., trails)

Improvement Types

01=New construction
02=Relocation Project
03=Reconstruction
04=Major Widening
05=Minor Widening
06=Other Enhancements
07=Resurfacing
08=New Bridge Construction
09=Bridge or Culvert Replacement
10=Bridge Rehabilitation
11=Minor Bridge Rehabiliation
12=Safety/Traffic Operation
23=Transit
32=Non-Motor Vehicle Project (e.g., trail)

Project Phase

PE = Preliminary Engineering
RW = Right-of Way
CN = Construction

Funding Status

C = Completed Phase in prior year(s).
S = Secured (funded)
S/P = Secured partial funding or application for funding pending.
P/U = Planned (Unfunded).

Federal Fund Codes

FEMA=Federal Emergency Management Agency Hazard Mitgation Program
FLAP=Federal Lands Access Program
HSIP=Highway Safety Improvement Program
STBG=Surface Transportation Block Program
STP(BR)=Surface Transportation Program (Bridge)
TA=Transportattion Alternatives
NHSAM=National Highway System Asset Management Program
USFWS=U.S. Fish & Wildifie Service

State Fund Codes

CAPP=County Arterial Preservation Program
RAP=Rural Arterial Program
UATA=Urban Arterial Trust Account
RCO=Recreation Conservation Office
RCO-FBRB = RCO Fish Barrier Removal Board
RCO-SRFB = RCO Salmon Recovery Funding Board
RCO-WCRRI = RCO WA. Coast Restoration & Resiliency Initiative

Other Fund Codes (local funding)

PRVT=Private Donation
LEKT = Lower Elwha Klallam Tribe

Local Funds By Phase Explanation

Local funding comes primarily from the property tax road levy and the County's share of the state Motor Vehicle Fuel Tax. Other potential funding may include Real Estate Excise Tax, lodging tax, and other local funding.

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS												
								FUNDING SOURCE INFORMATION (BY PHASE)						EXPENDITURE SCHEDULE (LOCAL AGENCY) *[See Footnote]*			
					Project Phase	Funding Status	Phase Start	Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	2022	2023	2024	2025 to 2027
ROAD CAPITAL CONSTRUCTION PROJECTS																	
1	**Black Diamond Road (31030) [698-1507] MP 2.66 to MP 3.40** Shoulder widening, improve recoverable slopes, and potential separated bike and pedestrian path. *HSIP = $268,000*	8	5 12 32	0.74	PE RW CN	S S S/P	2015 2022 2023	HSIP	18 250			20 50 490	38 50 740	20 50	 740		
					Totals				268		0	560	828	70	740	0	0
2	**Carlsborg Road (94270) [698-1902] MP 1.01 to 1.76** Resurface, restore and shoulder widening. *RAP = $472,500*	7	3 7	0.75	PE RW CN	S S S	2019 2022 2022		 	RAP	27 445	3 50 296	30 50 741	30 50 741	 		
					Totals				0		472	349	821	821	0	0	0
3	**Dry Creek Road (31870) [698-1601] MP 0.00 to MP 0.68** Rehabilitate, resurface, restore, widen, and partial realignment between US 101 and Edgewood Drive. Right-of-way and utilities work completed in earlier phase. *RAP= $1,035,000; LEKT=$125,000*	7	3 5 7	0.68	PE RW CN	C C S	2018 2020 2020		 	RAP	 710	 600	0 0 1,310	 1,300	 10		
					Totals				0		710	600	1,310	1,300	10	0	0
4	**Dungeness Natl. Wildlife Refuge(DNWR) Access Improvements (45350, 45890, 94170) [698-2001]** Relocate part of the Voice of America Rd. away from bluff; realign the Kitchen-Dick Rd and Lotzgesell Rd. curve; add dedicated left-turn lane into the County Park and DNWR entrance; and widening. *FLAP = $1,729,438*	7 9	2 5 6 7	1.44	PE RW CN	S S	2022 2023	FLAP	166 1,563		 	26 244	192 0 1,807	192 	 1,807		
					Totals				1,729		0	270	1,999	192	1,807	0	0
5	**Health Road (45850) [698-1910] MP 0.00 to MP 1.50** Shoulder widening	9	5	1.5	PE RW CN	S S S	2023 2023 2023		 		 	15 15 65	15 15 65	 	15 15 65		
					Totals				0		0	95	95	0	95	0	0
6	**Kitchen-Dick Rd. (94170) & Old Olympic Hwy (94120) Roundabout** Design and public input process for a roundabout safety and traffic flow intersection improvement project. Possible application for state or federal (e.g., HSIP) transportation improvement funding.	7	3 6 7	0.2	PE RW CN	S	2023		 		 	100 	100 0 0	 	50 	50 	
					Totals				0		0	100	100	0	50	50	0
7	**Joyce Piedmont Road (92210) [SCP-21001] MP 0.0 to 4.3** Reconstruction, realignment, widening, resurfacing and safety improvements. Project delivered by Western Federal Lands Highway Division. *FLAP = 6,487,000 (Pursue Toll Credits for Match)*	7	2 3 4 7	4.3	PE RW CN	S S S	2019 2024 2026	FLAP	564 5,923	Pursue Toll Credits	 90 923	 	564 90 6,846	5 	5 	5 	15
					Totals				6,487		1,013	0	7,500	5	5	5	15
8	**Sequim-Dungeness Way (95250) & Woodcock Rd. (52500) Roundabout [698-1803] MP 2.42 to MP 2.62** Roundabout safety and traffic flow intersection improvement. *HSIP = $788,206; STBG = $350,000*	17	3 6 7	0.2	PE RW CN	C C S	2020 2021 2021	HSIP STBG	45 1,138		 	45 23 55	90 23 1,193	 733	 		
					Totals				1,183		0	123	1,306	733	0	0	0
9	**South Airport Road (93230) MP 0.00 to MP 0.682** Pre-level and overlay and section of grind and overlay. Cooperative project with the City of Port Angeles. *NHSAM = $1,038,280*	16	7	0.68	PE RW CN	S S	2022 2023	NHSAM	20 1,018		 	 	20 0 1018	20 	 1,018		
					Totals				1,038		0	0	1,038	20	1,018	0	0

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS FUNDING SOURCE INFORMATION (BY PHASE)									EXPENDITURE SCHEDULE (LOCAL AGENCY) *(See Footnote)*			
					Project Phase	Funding Status	Phase Start	Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	2022	2023	2024	2025 to 2027
10	**Towne Road (52270) [698-1701] MP 0.76 to MP 1.99** Spot improvements for shoulders and sight distance between Woodcock Road and future alignment on top of relocated levee.	9	6	1.23	PE	S	2025					70	70				10
					RW	S	2026					60	60				60
					CN	S	2026					460	460				460
								Totals	0		0	590	590	0	0	0	530
11	**Towne Road (52270) [698-1606] MP 1.99 to Seq. Dung. Way** Reconstruct and relocate segment of Towne Rd. on top of completed relocated levee section. Design & right-of-way funded under Dungeness River Floodplain Restoration Project grant.	9	2 3 5 7	0.75	PE	C	2020						0				
					RW	C	2020						0				
					CN	S	2022					800	800	800	10		
								Totals	0		0	800	800	800	10	0	0
12	**Towne Rd. (52270) & Sequim-Dungeness Way (95250) Roundabout** Roundabout safety and traffic flow intersection improvement at the new Towne Rd. and Seq.-Dung. Way intersection (See TIP # 11). Design funded as part of Dungeness River Floodplain Restoration project.	7	3 6 7	0.2	PE	S	2020						0				
					RW	C	2020						0				
					CN	P/U							0				
								Totals				0	0	0	0	0	0
13	**Undi Road (11670) [SCP-21002].** Road improvements related to the Jefferson County Undi Road Bypass Project. Funded by a Federal Lands Access Program (FLAP) Award to Jefferson County. *Project delivered by Western Federal Lands Highway Div. FLAP $2,034,407*	9	3 5	1.29	PE	S	2020						0				
					RW			FLAP					0				
					CN	S	2023						0				
								Totals	0		0	0	0	0	0	0	0
BRIDGE REPLACEMENT, PRESERVATION, AND REHABILITATION PROJECTS																	
14	**Clallam Slough Bridge Replacement (19400 BR1)** **On Frontier Street (19400) MP 0.07 to MP 0.44** Demolish bridge and replace with new bridge and approaches designed to current standards. *STP(BR) = $5,193,100*	8	4 9	0.37	PE	S	2020		1,298				1,298	225	873		
					RW	S	2023	STP(BR)	75			12	87		87		
					CN	S	2024		3,808				3,808		2,856	952	
								Totals	5,181		0	12	5,193	225	3,816	952	0
15	**Hoko Falls Bridge (91460BR2) [698-1804]** **on Hoko-Ozette Road (91460) MP 6.88 to MP 6.91** Various bridge preservation work (replace expansion joints, clean bridge, prepare & paintbearings, seal deck).	7	10	0.03	PE	S	2024						0			25	
					RW								0				
					CN	S/P	2025						0				175
								Totals	0		0	0	0	0	0	25	175
16	**Sol Duc River Bridge (11200BR1)** **On Quillayute Road (11200) MP 6.47 to MP 6.52** Bridge preservation. Prep and paint steel truss bridge. *STP(BR) = $2,790,000*	8	10	0.05	PE	S	2022		363			57	420	210	210		
					RW			STP(BR)					0				
					CN	S	2024		2,370				2,370			2,370	
								Totals	2,733		0	57	2,790	210	210	2,370	0
17	**Weel Bridge (18760BR1)** **On Weel Road (18760) MP 0.39** Bridge preservation. Prep and paint steel girder bridge. *STB(BR) = $1,822,200*	9	10	0.19	PE	S	2022		242			38	280	140	140		
					RW			STP(BR)					0				
					CN	S	2024		1,580				1580			790	790
								Totals	1,822		0	38	1,860	140	140	790	790

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS FUNDING SOURCE INFORMATION (BY PHASE)									EXPENDITURE SCHEDULE (LOCAL AGENCY) *(See Footnote)*			
					Project Phase	Funding Status	Phase Start	Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	2022	2023	2024	2025 to 2027
CULVERT AND FISH PASSAGE CAPITAL PROJECTS																	
18	**Bear Creek Rd. (20210) Culvert Replacements MP 1.74 & 1.78** Fish passage improvement. *Delivered by Trout Unlimited.* *RCO-SRFB = $137,625 & Private = $97,000 [Design Only]* *No County Funding Match Required.*	9	9	0.01	PE	S	2021				235		235				
					RW								0				
					CN								0				
								Totals	0		235	0	235	0	0	0	0
19	**Hoko-Ozette Road Culvert Repair (91460) MP 5.77** Repair two failing culverts.	7	9	0.01	PE	S	2022					20	20	20			
					RW								0				
					CN	S	2022					200	200	200			
								Totals			0	220	220	220	0	0	0
20	**Johnson Creek Triple Culvert Replacement** Hoko Ozette Road (91460) MP 9.4 [SCP-21003] Fish passage improvement. *Delivered by North Olympic Salmon Coalition.* *RCO-FBRB = $3,552,060; USFWS = $72,000*	7	9	0.01	PE	S	2020			RCO	339	60	399				
					RW								0				
					CN	S/P	2023				4,470		4,470				
								Totals	0		4,809	60	4,869	0	0	0	0
21	**Kugal Creek Culvert Replacement** Cooper Ranch Rd.(91460) MP 0.24 [SCP-21006] Fish passage improvement. *Delivered by Pacific Coast Salmon Coalition.* *RCO-SRFB = $780,000; RCO-WCRRI = $206,000*	9	9	0.01	PE	S	2019			RCO	165	40	205				
					RW								0				
					CN	S	2022				821	56	877	56			
								Totals	0		986	96	1,082	56	0	0	0
22	**Wisen Creek & Swede Roads Culvert Replacements** (20550 20460) [698-2002] MP 0.13 & 0.38 (Wisen) & MP 0.0 (Swede). Fish passage improvements. *Delivered by Trout Unlimited.* *RCO-SRFB = $137,896 (Design Only)*	9	9	0.01	PE	S	2020			RCO	137	25	162	10			
					RW								0				
					CN								0				
								Totals	0		137	25	162	10	0	0	0
NON-MOTORIZED TRANSPORTATION IMPROVEMENT PROJECTS (e.g., Olympic Discovery Trail, sidewalks)																	
23	**Olympic Discovery Trail (ODT)--Forks Calawah River Park to Sitkum-Sol Duc Road (aka "A" Rd.) [698-1907]** Construct ~1-mile trail and a multi-user, Calawah River trail bridge crossing. *Federal: TA = $450,000 + STBG = $825,000; PRVT= $300,000*	0	32	1	PE	S	2021	TA	65	PRVT		10	75	60			
					RW	S	2018	STBG				145	145				
					CN	S	2023		1,210		300		1,510		750	750	
								Totals	1,275		300	155	1,730	60	750	750	0
24	**ODT-Forks to La Push Trail Corridor Acquisition [698-2101]** Acquire trail corridor between US 101 and Olympic National Park adjacent to SR 110. Costs apply towards local match for PE & CN phases-- see TIP # 25. *RCO = $905,456; PRVT = $20,000*	0	32	9.7	PE					RCO			0				
					RW	S	2021				905	302	1,207	670	537		
					CN								0				
								Totals	0		905	302	1,207	670	537	0	0
25	**Olympic Discovery Trail (ODT)--Forks to La Push [698-2101]** Design and construct ~ 12-mile, trail from US 101 to existing La Push trail adjacent to SR 110 corridor. Project delivered by Western Federal Lands Highway Divison. *FLAP = 5.1 to 11.3 million*	0	32	12	PE	S	2021	FLAP	2,117				2,117				
					RW								0				
					CN	S	2025		9,210			372	9,582				372
								Totals	11,327		0	372	11,699	0	0	0	372
26	**Countywide Olympic Discovery Trail (ODT) Trail Corridor Gap Acquisition [698-1607, 698-2102, 698-2103]** Various locations countywide in current ODT gaps.	0	32		PE												
					RW	S/P	2022					300	300	50	50	50	150
					CN												
								Totals	0		0	300	300	50	50	50	150

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Type(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS										EXPENDITURE SCHEDULE (LOCAL AGENCY) *[See Footnote]*			
								FUNDING SOURCE INFORMATION (BY PHASE)										
					Project Phase	Funding Status	Phase Start	Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	2022	2023	2024	2025 to 2027
VARIOUS LOCATION PROJECTS																		
27	**Countywide Overlay Surface Improvements** Road resurfacing improvements at various County locations.		7		PE	S	2022					120	120	20	20	20	60
					RW												
					CN	S	2022					1,080	1,080	180	180	180	540
								Totals	0		0	1,200	1,200	200	200	200	600
28	**Countywide Various Improvements** Traffic control devices, signage, safety (e.g., guardrails), shoulder widening, drainage, surfacing upgrades, or other improvements using local funds. County misc. engineering project review services.		6		PE	S	2022					60	60	10	10	10	10
					RW								0				
					CN	S	2022					90	90	15	15	15	45
								Totals	0		0	150	150	25	25	25	55
	TOTAL FUNDED PROJECTS								**33,043**		**9,567**	**6,474**	**49,084**	**5,807**	**9,463**	**5,217**	**2,687**

NOTE: The estimated Local Agency (i.e., Clallam County) project expenditures for the 2022-2027 planning period may be less than the total costs shown by project funding source and phase. This may be due to one or more of the following reasons:

1) The project is underway and has expended project funds prior to Year 2022;

2) The project funding award is not to Clallam County and the project is being delivered by another agency or organization without any County match required;

3) The project funding award is not to Clalllam County and the project is being delivered by another agency or organization with only a County match shown;

4) A project phase may not be completed to after Year 2027; and/or

5) Other project funding circumstances.

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS										EXPENDITURE SCHEDULE (LOCAL AGENCY) *[See Footnote]*			
								FUNDING SOURCE INFORMATION (BY PHASE)										
					Project Phase	Funding Status	Phase Start	Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	2022	2023	2024	2025 to 2027
	PLANNED (UNFUNDED PROJECTS)																	
U1	**Anderson Road (East) (#47990)**	18	3	0.45	PE	P/U						50						
	MP 0.00 to MP 0.45 (Cays Rd. to Thorton Drive-east crossing)		5		RW	P/U						100						
	Drainage, Widen, Resurfacing.		7		CN	P/U						500						
								Totals	0		0	650	650					
U2	**Atterberry Road (#44300)**	8	2	2.78	PE	P/U						200						
	M.P. 0.00 to M.P. 2.78		3		RW	P/U						400						
	Reconstruct road between Sherburne Road and Hooker Road		5		CN	P/U						3,000						
	Widen, Regrade, Drainage - 3 Phases		7					**Totals**	0		0	3600	3,600					
U3	**Barr Road (North) (#43110)**	18	2	0.64	PE	P/U						50						
	M.P. 0.18 to M.P. 0.82		3		RW	P/U						50						
	Reconstruct road north of SR 101 to west 90 degree corner		5		CN	P/U						600						
	Widen, Regrade, Drainage - 2 Phases		7					**Totals**	0		0	700	700					
U4	**Brown Road (#53810)**	19	5	0.50	PE	P/U						60						
	M.P. 0.97 to M.P. 1.47		6		RW	P/U						75						
	Sequim City Limits to Port Williams Road		32		CN	P/U						500						
	3R upgrade plus walkways/bikeway							**Totals**	0		0	635	435					
U5	**Edgewood Drive (93110) - Rife Rd. to Reddick Rd.**	7	3	1.51	PE	P/U						150						
	MP 0.87 to MP 2.38	16	5		RW	P/U						300						
	Rehabilitate, resurface, restore, widen, and partial realignment		7		CN	P/U						2,500						
								Totals	0		0	2,950	2,950					
U6	**Edgewood Drive, Reddick to City Limits (#93110)**	16	3	0.61	PE	P/U						50						
	M.P. 2.38 to M.P. 2.99		4		RW	P/U						50						
	Reconstruct Road to Major Collector Standards		7		CN	P/U						850						
	Widen, Realign, Regrade, Resurface							**Totals**	0		0	950	950					
U7	**Ennis Creek Road (#36200)**	19	5	0.27	PE	P/U						60						
	M.P. 0.00 to M.P. 0.27		6		RW	P/U						60						
	Baker Street to Front Street		32		CN	P/U						400						
	3R upgrade plus walkway/bikeway							**Totals**	0		0	520	520					
U8	**Happy Valley Road (50300) MP 0.74 to MP 1.44**	8	3	0.7	PE	P/U						50						
	Reconstruct road north of McFarland Dr. to west of 3rd Ave, widen		5		RW	P/U												
	regrade, and drainage improvements.		7		CN	P/U						500						
								Totals	0		0	550	550					
U9	**Heath Road Connector to Gilbert Road (#45850)**	19	2	0.08	PE	P/U						300						
	Heath Road to Gilbert Road, No. 45850		3		RW	P/U						300						
	Construct Connector Road between Heath and Gilbert		5		CN	P/U						1,300						
	Carlsborg Transportation Study #13		7					**Totals**	0		0	1,900	1,900					

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS												
					Project Phase	Funding Status	Phase Start	FUNDING SOURCE INFORMATION (BY PHASE) Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	EXPENDITURE SCHEDULE (LOCAL AGENCY) *[See Footnote]* 2022	2023	2024	2025 to 2027
U10	**Hoko-Ozette Road (#91460) M.P. 19.5.** Relocate road segment (~ 400 feet or less) away from slide area, reconstruct and resurface. May need 40 to to 50-feet of additional right-of-way.	7	2 3 7	0.08	PE RW CN	P/U P/U P/U						10 10 150					
								Totals	0		0	170	170				
U11	**Hoko-Ozette Road, No. 91460** Various segments M.P. 0.00 to M.P. 21.31 Reconstruct road away from Big River bank in 4 phases M.P. 0.79-1.0, 2.2-2.4, 2.7-3.0, 4.1-4.4	7	02 03 05 07	1.01	PE RW CN	P/U P/U P/U						120 100 750					
								Totals	0		0	970	970				
U12	**Kirk Road Extension** M.P. 0.28 to M.P. 0.50 Upgrade Existing Road and Extend to Atterberry Road Carlsborg Transportation Study #10	9	03 05 07	0.22	PE RW CN	P/U P/U P/U						150 100 600					
								Totals	0		0	850	850				
U13	**Marine Drive (#47530)** M.P. 0.00 to M.P. 0.72 Cays Road to Cline Spit Road Bluff Drainage Enhancements	9	05 06 07	0.72	PE RW CN	P/U P/U P/U						58 40 533					
								Totals	0		0	631	631				
U14	**Mary Clark Road (#20100)** M.P. 2.32 to M.P. 2.60 Realign road at Bear Springs Hatchery Corner	9	02 05 07	0.28	PE RW CN	P/U P/U P/U						10 25 150					
								Totals	0		0	185	185				
U15	**Mill Road Traffic Island (#44930) M.P. 0.00** Install Raised Traffic Island to make Mill Road Right-in & Right Out Only Intersection. Carlsborg Transportation Study # 11D	18	05 06 07	0.1	PE RW CN	P/U P/U P/U						50 30 110					
								Totals	0		0	190	190				
U16	**Mill Road Extension to Business Park Loop (#44930)** M.P. 0.57 to 0.70 Extend Mill Road to tie into the industrial Business Park Loop Carlsborg Transportation Study # 6	18	05 06 07	0.13	PE RW CN	P/U P/U P/U						50 50 250					
								Totals	0		0	350	350				
U17	**Mt. Angeles Road** M.P. 0.47 to M.P. 1.12 Proposed Rural Arterial Program Project Widen, Realign, Regrade, Resurface	8	02 03 04 07	0.65	PE RW CN	P/U P/U P/U						75 65 600					
								Totals	0		0	740	740				
U18	**Old Olympic Highway (#94120)** M.P. 4.00 to 6.67 Widen, Regrade, Pulverize, Resurface & Drainage from McDonald Creek Bridge to Cays Road.	7	03 05 07	2.67	PE RW CN	P/U P/U P/U						100 920					
								Totals	0		0	1,020	1,020				

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS										EXPENDITURE SCHEDULE (LOCAL AGENCY) *[See Footnote]*			
								FUNDING SOURCE INFORMATION (BY PHASE)										
					Project Phase	Funding Status	Phase Start	Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	2022	2023	2024	2025 to 2027
U19	**Olympic Discovery Trail - Elwha River to Freshwater Bay Road Gap** [698-2102] Plan route, acquire right-of-way, and construct a non-motorized, shared use separated trail to close the trail gap west of ODT-Elwha River Bridge to Freshwater Bay Rd.	0	32	4.5	PE	P/U						225						
					RW	P/U						300						
					CN	P/U						2,250						
								Totals	0		0	2,775	2,775					
U20	**Olympic Discovery Trail - Thompson/Onella Rd. to Gossett Rd Gap** [698-2103] Plan route, acquire right-of-way, and construct a non- motorized shared use trail between the ODT-Thompson/Onella Rd. and Gossett Road sections and connect the ODT to Joyce.	0	32	7.0	PE	P/U						350						
					RW	P/U						500						
					CN	P/U						3,500						
								Totals	0		0	4,350	4,350					
U21	**Olympic Discovery Trail - Sappho to Forks Gap [698-1607]** Plan route, acquire right-of-way, construct new separated trail, and improve (e.g., pave) existing forest roads to connect the ODT route between Mary Clark Rd (Sappho area) and Forks ("A" road).	0	32	11.0	PE	P/U						310						
					RW	P/U						500						
					CN	P/U						3,100						
												3,910	3,910					
U22	**Olympic Discovery Trail - Waterline Rd. Improvements [698-1401]** Paving & other improvements (e.g., some widening, drainage) to gravel forest access road to improve trail route surface between the ODT Gossett Road and Spruce Railroad Trail sections.	0	32	3.5	PE	P/U						50						
					RW													
					CN	P/U						1,000						
								Totals	0		0	1,050	1,050					
U23	**Parkwood Boulevard Traffic Island (#44940) M.P. 0.00** Install Raised Traffic Island to make Parkwood Boulevard a Right-in & Right-Out Only Intersection. Carlsborg Transportation Study #11D.	9	05 06 07	0.1	PE	P/U						30						
					RW	P/U						50						
					CN	P/U						110						
								Totals	0		0	190	190					
U24	**Pioneer Road (#35820)** M.P. 0.00 to M.P. 0.39 Reconstruct road between SR 101 & Baker Street Widen, Regrade, Drainage - 2 Phases	19	02 03 05 07	0.39	PE	P/U						60						
					RW	P/U						100						
					CN	P/U						400						
								Totals	0		0	560	560					
U25	**Quillayute Road (#11200)** M.P. 1.72 to 2.87 Quillayute Weather Station to Mina Smith Road Regrade, Drain, Widen, Resurface	8	03 04 07	1.15	PE	P/U						100						
					RW	P/U						100						
					CN	P/U						875						
								Totals	0		0	1,075	1,075					
U26	**Runnion Road, East (#44730)** M.P. 0.89 to M.P. 1.14 Carlsborg Road to Mill Road Regrade, Drain, Widen, Resurface	8	03 04 07	0.25	PE	P/U						20						
					RW	P/U						25						
					CN	P/U						105						
								Totals	0		0	150	150					
U27	**Runnion Road Roundabout (#44730) M.P. 0.89** At the intersection with Carlsborg Road and realigned Spath Road construct a four-legged roundabout. Carlsborg Transportation Study #1	8	03 04 07	0.25	PE	P/U						78						
					RW	P/U						100						
					CN	P/U						900						
								Totals	0		0	1,078	1,078					

Agency: Clallam County
County No.: 5

CLALLAM COUNTY
SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM
2022 - 2027

Hearing Date: _____
Adoption Date: _____
Resolution No.: _____

TIP Project No.	PROJECT IDENTIFICATION A.Project/Road Name(Road Log/Bridge No.); [Project No.] B. Beginning and End Milepost (MP) or Termini C. Description of Work D:Total Project Federal, State and/or Other Outside Funding (prior/future)	Functional Class	Improvement Types(s)	Total Length (mi.)	PROJECT COSTS IN THOUSANDS OF DOLLARS Project Phase	Funding Status	Phase Start	FUNDING SOURCE INFORMATION (BY PHASE) Federal Fund Type	Federal Funds by Phase	State or Other Fund Type	State or Other Funds by Phase	Local Funds by Phase	Total	EXPENDITURE SCHEDULE (LOCAL AGENCY) *[See Footnote]* 2022	2023	2024	2025 to 2027
U28	**Sequim-Dungeness Way (#95250)**	7	06	3.62	PE	P/U						30					
	M.P. 1.00 to 4.62		07		RW												
	Sequim City Limits to Marine Drive, except Woodcock Road vicinity				CN	P/U						2000					
	Repave							**Totals**	0		0	2,030	2,030				
U29	**Spath Road (#45420)**	9	03	0.8	PE	P/U						50					
	M.P. 0.00 to M.P. 0.80	19	04		RW	P/U						106					
	Kitchen-Dick Road to Carlsborg Road		07		CN	P/U						600					
	Regrade, Drain, Widen, Resurface							**Totals**	0		0	756	756				
U30	**Spath Road to West Runnion Road Connector Route (#45420)**	19	1	1.26	PE	P/U						100					
	M.P. 0.0.80 (Spath Road) to M.P. 0.60 (West Runnion Road)				RW	P/U						90					
	Construct New Connector Segment between Spath and West				CN	P/U						800					
	Runnion Roads. Carlsborg Transportation Study # 5							**Totals**	0		0	990	990				
U31	**Spencer Road Connector to Mill Road (#44660)**	19	1	0.75	PE	P/U						300					
	M.P. 1.50 to Mill Road				RW	P/U						300					
	Construct New Connector Segment between Spencer Road				CN	P/U						1884					
	and Mill Road. Carlsborg Transportation Study # 14							**Totals**	0		0	2,484	2,484				
U32	**Sunland Non-motorized Trail**		32	2	PE	P/U						40					
	Trail beside Taylor Blvd in Sunland for pedestrian access				RW	P/U						40					
	from Sequim-Dungeness Way & Dung Way to Holland Road.				CN	P/U						300					
								Totals	0		0	380	380				
U33	**Trout Creek Bridge Replacement (#91460 BR4)**	7	04	0.1	PE	P/U						50					
	M.P. 17.19 to M.P. 17.29		09		RW	P/U						10					
	Hoko-Ozette Road				CN	P/U						475					
								Totals	0		0	535	535				
U34	**US 101 Underpasses of McDonald Creek Bridge (#94120 BR1)**	7	04	0.09	PE	P/U						200					
	Reconnect S. Barr & Sherburne Roads to North Side of US 101		09		RW												
	by extending these County Roads under the New		07		CN	P/U						1948					
	McDonald Creek US 101 Bridges.							**Totals**	0		0	2,148	2,148				
U35	**Winterhawk to West Runnion Connector (#44730)**	19	1	0.25	PE	P/U						50					
	Construct new Connector Segment between Winterhawk St.				RW	P/U						20					
	and West Runnion Rd. Carlsborg Transportation Study # 12.				CN	P/U						90					
								Totals	0		0	160	160				
	TOTAL UNFUNDED PROJECTS												**41,982**				

6
10/18/21@
10:30 am

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: BOCC

WORK SESSION ☒ **Meeting Date: 10-18-21- 10:30 a.m.**

REGULAR AGENDA ☐ **Meeting Date:**

Required originals approved and attached? ☐
Will be provided on:

Item summary:

☐ Call for Hearing
☐ Contract/Agreement/MOU - Contract #
☐ Resolution
☐ Proclamation
☐ Budget Item
☐ Draft Ordinance
☐ Final Ordinance
☒ Other - update

Documents exempt from public disclosure attached: ☐

Executive summary:
Olympic National Forest Update:
The Olympic National Forest is a vital resource and asset for residents of, and visitors to, Clallam County - both as a source of outdoor recreation, and as a source of revenue including serving as a substantial component of the county's annual PILT (Payment In Lieu of Taxes) revenue.

To better foster communication, the Board of Commissioners has invited ONF managers for updates, information-sharing and conversation.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐
None

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
To better foster communication, the Board of Commissioners has invited ONF managers for updates, information-sharing and conversation.

County Official signature & print name: Loni Gores Loni Gores, Clerk

Name of Employee/Stakeholder attending meeting: Board of Commissioners and Olympic National Forest

Relevant Departments: Board of Commissioners

Date submitted: March 18, 2021

7
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: BOCC

WORK SESSION ☒ **Meeting Date: 10-18-21**

REGULAR AGENDA ☒ **Meeting Date: 10-26-21**

Item summary:

☐ Call for Hearing ☐ Contract/Agreement/MOU - Contract #

☒ Resolution ☐ Proclamation ☐ Budget Item

☐ Draft Ordinance ☐ Final Ordinance ☐ Other

Documents exempt from public disclosure attached: ☐

Executive summary:
A vacancy exists on the Planning Commission for representation of District II due to due to an unforeseen vacancy.

A press release was issued during the month of August 2021 soliciting applications from interested citizens within District II. One application was received.

The Director of the Department of Community Development and the Board of Clallam County Commissioners support the appointment of Jeff Carter to fill the vacant position as the District IIa representative.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐
None

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
Approve and sign resolution appointing Jeff Carter to the Planning Commission.

County Official signature & print name: Morgann Halencak, Deputy Clerk

Name of Employee/Stakeholder attending meeting: Mary Ellen Winborn/Donella Clark

Relevant Departments: DCD/BOCC

Date submitted: 10-11-21

---

* Work Session Meeting - Submit 1 single sided/not stapled copy
** Regular Meeting – Submit 1 single sided/not stapled copy and originals (1 or 3 copies)

Appointing Jeff Carter 10-26-21
Revised: 3-04-2019

Questions? Call Loni Gores, Clerk of the Board, ext 2256

RESOLUTION _____, 2021

APPOINTING A MEMBER TO THE PLANNING COMMISSION

THE BOARD OF CLALLAM COUNTY COMMISSIONERS finds as follows:

1. A vacancy exists on the Planning Commission for representation of District II due to due to an unforeseen vacancy.

2. A press release was issued during the month of August 2021 soliciting applications from interested citizens within District II. One application was received.

3. The Director of the Department of Community Development and the Board of Clallam County Commissioners support the appointment of Jeff Carter to fill the vacant position as the District IIa representative.

NOW, THEREFORE, BE IT RESOLVED by the Clallam County Board of Commissioners, in consideration of the above findings of fact:

1. **Jeff Carter** is appointed as the District IIa representative for a term ending December 31, 2025.

PASSED AND ADOPTED this twenty-sixth day of October, 2021

BOARD OF CLALLAM COUNTY COMMISSIONERS

_____
Mark Ozias, Chair

_____
Randy Johnson

_____
Bill Peach

ATTEST:

_____
Loni Gores, CMC, Clerk of the Board

A22.172
Appointee
DCD

DRAFT

8
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: BOCC

WORK SESSION ☒ **Meeting Date: 10-18-21**

REGULAR AGENDA ☒ **Meeting Date: 10-26-21**

Item summary:

☐ Call for Hearing ☐ Contract/Agreement/MOU - Contract #

☒ Resolution ☐ Proclamation ☐ Budget Item

☐ Draft Ordinance ☐ Final Ordinance ☐ Other

Documents exempt from public disclosure attached: ☐

Executive summary:
Vacancies exist on the Port Crescent Pioneer Cemetery Advisory Board due to resignations. A press release was issued August 2021 to solicit applications. One application was received.

Bill Peach, Commissioner District 3, approves of the appointment of Ruth Scott to an unexpired term.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐
None

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
Approve and sign resolution appointing Ruth Scott to the Port Crescent Pioneer Cemetery Advisory Board.

County Official signature & print name: Morgann Halencak, Deputy Clerk

Name of Employee/Stakeholder attending meeting: BOCC

Relevant Departments: BOCC

Date submitted: 10-11-21

RESOLUTION _____, 2021

APPOINTING A MEMBER TO THE
PORT CRESCENT PIONEER CEMETERY ADVISORY BOARD

THE BOARD OF CLALLAM COUNTY COMMISSIONERS finds as follows:

1. Vacancies exist on the Port Crescent Pioneer Cemetery Advisory Board due to resignations.

2. A press release was issued August 2021 to solicit applications. One application was received.

3. Bill Peach, Commissioner District 3, approves of the appointment of Ruth Scott to an unexpired term.

NOW, THEREFORE, BE IT RESOLVED by the Board of Clallam County Commissioners, in consideration of the above findings of fact:

1. **Ruth Scott** is appointed to a term ending June 30, 2022.

PASSED AND ADOPTED this twenty-sixth day of October, 2021

BOARD OF CLALLAM COUNTY COMMISSIONERS

_____
Mark Ozias, Chair

ATTEST:

_____
Randy Johnson

_____
Loni Gores, Clerk of the Board

_____
Bill Peach

c: A22.16
Appointee (s)

DRAFT

9
10/18/21

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: BOCC

WORK SESSION ☒ **Meeting Date: October 18, 2021**

REGULAR AGENDA ☒ **Meeting Date: October 26, 2021**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing
☐ Contract/Agreement/MOU - Contract #
☐ Resolution
☐ Proclamation
☐ Budget Item
☐ Draft Ordinance
☐ Final Ordinance
☒ Other Letter of Rescinded Funding Support

Documents exempt from public disclosure attached: ☐

Executive summary:
Clallam County applied for a Broadband grant through the Washington State Public Works Board to improve Broadband in unserved and underserved areas of Clallam County due on October 8, 2021. The Board of County Commissioners signed a letter in support of the grant and a 10% funding match on October 5 2021. Due to unforeseen circumstances this specific project area was discovered after the letter was signed to be well over the total grant award amount and no longer a viable project for this specific grant which was capped at $5 million dollars.

A different project area was proposed that would fit the requirements of this specific grant and Clallam County submitted an application on October 8th with no 10% match from the Clallam County ARPA funds.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐
None.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
Approval of rescinded letter of support and funding for this Washington State Public Works Board grant.

County Official signature & print name: Chelsea Lierly Chelsea Lierly

Name of Employee/Stakeholder attending meeting: Chelsea Lierly

Relevant Departments: BOCC

Date submitted: 10/13/2021

---

* Work Session Meeting - Submit 1 single sided/not stapled copy PWB Broadband Grant Rescinded Letter of Support and Funding 10.26.21
** Regular Meeting – Submit 1 single sided/not stapled copy and originals (1 or 3 copies) Revised: 3-04-2019

Questions? Call Loni Gores, Clerk of the Board, ext 2256

Board of Clallam County Commissioners

223 East 4th Street, Suite 4
Port Angeles, WA 98362-3015
360.417.2233 Fax: 360.417.2493
Email: commissioners@co.clallam.wa.us

MARK OZIAS, District 1, Chair
RANDY JOHNSON, District 2
BILL PEACH, District 3

Rich Sill, County Administrator

October 26, 2021

Sheila Richardson
Broadband Program Manager
Washington State Public Works Board
Washington State Department of Commerce
1011 Plum Street SE
PO Box 42525
Olympia, WA 98504

RE: RESCINDED Funding Support for the Clallam County Broadband Project – Washington State Public Works Grant for Expanding Broadband in Unserved and Underserved Areas

Washington State Public Works Board:

The attached letter of support and committed funding from the Clallam County Board of County Commissioners for the Washington State Public Works Grant that Clallam County applied for on October 8th has officially been rescinded.

On October 5th the Board of County Commissioners signed and approved the 10% match of the total award amount for the grant. This committed funding was for a specific project area, beginning at the Hwy 101/Hwy 112 junction and going through Joyce, Washington providing better broadband speeds to over 1600 premises.

Due to unforeseen circumstances this project cost was discovered to be over the award amount of the grant and therefore no longer viable for this grant after the letter was signed. The project area for this grant was greatly reduced to serve approximately 640 premises along the Hwy 110/Hwy 112 and ending around the Freshwater Bay Rd. area.

It is in the County's best interest to rescind the match amount of 10% for this Washington State Public Works Board Grant and continue to seek grant funding to expand broadband speeds in unserved and underserved areas in Clallam County.

Sincerely,

BOARD OF CLALLAM COUNTY COMMISSIONERS

Mark Ozias, Chair | Randy Johnson | Bill Peach

Board of Clallam County Commissioners

MARK OZIAS, District 1, Chair
RANDY JOHNSON, District 2
BILL PEACH, District 3

223 East 4th Street, Suite 4
Port Angeles, WA 98362-3015
360.417.2233 Fax: 360.417.2493
Email: commissioners@co.clallam.wa.us

Rich Sill, County Administrator

October 5, 2021

Sheila Richardson
Broadband Program Manager
Washington State Public Works Board
Washington State Department of Commerce
1011 Plum Street SE
PO Box 42525
Olympia, WA 98504

RE: Support for the Clallam County Broadband Project – Washington State Public Works Grant for Expanding Broadband in Unserved and Underserved Areas

Washington State Public Works Board:

Clallam County Board of County Commissioners recognizes the importance to expand broadband in unserved and underserved areas of Clallam County. This effort is greatly needed in the project area for this grant, beginning at the Hwy 101/Hwy 112 junction and going through Joyce, Washington.

The need for targeted Broadband speeds in unserved and underserved areas is a critical undertaking designed to ensure that Clallam County has access to reliable, affordable broadband access to allow for tele-working, remote learning and tele-medicine. Reliable broadband services will allow access to on-line businesses and government services, reducing vehicle traffic and reduce greenhouse gas emissions in Clallam County.

Please consider this letter as affirmation that Clallam County will provide funding at a 10% match of the total award amount of the grant if funded by the Washington State Public Works Board to see the success of this important project.

We are hopeful that you will support Clallam County and its need to expand Broadband in unserved and underserved areas.

Sincerely,

BOARD OF CLALLAM COUNTY COMMISSIONERS

Mark Ozias, Chair

Excused
Randy Johnson

Bill Peach

10
10/18/21
29

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Finance

WORK SESSION ☒ **Meeting Date: 10/18/2021**

REGULAR AGENDA ☒ **Meeting Date: 10/19/2021**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing

☒ Contract/Agreement/MOU - Contract # 19961.21.007

☐ Resolution

☐ Proclamation

☐ Budget Item

☐ Draft Ordinance

☐ Final Ordinance

☐ Other

Documents exempt from public disclosure attached: ☐

ARPA DIRECT GRANT ASSISTANCE AGREEMENT—PENINSULA BEHAVIORAL HEALTH--FOR PROVISION OF PURCHASING THE ALL VIEW MOTEL HOUSING PROJECT:

BACKGROUND

In May 2021, the County was awarded $15,020,640 of federal stimulus funding from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Funds ("ARPA Funds") under Section 603(b) of the Social Security Act, as amended by Section 9901 of the American Rescue Plan Act ("ARPA Act"). The County received the first half of these funds on May 28, 2021, with the 2nd half of these funds to be disbursed to the County by the US Treasury one year thereafter.

During the July 6, 2021 Continued Work Session with BOCC, the BOCC identified eight priority areas that they indicated support for allocating ARPA Funds to, including:

- Local Small Business and Non Profit Economic Assistance;
- Assistance to Businesses and Non Profits that provide Child Care Services;
- Mental/Behavioral Health;
- Food Security Support to Local Food Banks;
- Affordable Housing/Homelessness Support;
- Residential and Commercial Utility Relief;
- Local Water Systems Infrastructure; and
- Broadband

Based on discussions held during this Work Session in which affordable housing requests from various entities including Habitat for Humanity, Peninsula Housing Authority, and North Olympic Regional Veteran's Housing Network were discussed, the BOCC approved the initial granting of $360,000 of

ARPA-funded directed toward supporting affordable housing initiatives. In August 2021, the County and the City of Port Angeles were notified by Peninsula Behavioral Health ("PBH") of its intent to acquire and renovate a Port Angeles motel, All-View Motel, to create a 27-unit supportive affordable housing project for Clallam County low income individuals/families dealing with mental healthcare challenges who were homeless or in danger of becoming homeless. A purchase and sale agreement was entered into by PBH for the building for a total cost of $1,470,000, with a closing date to occur on or before October 31, 2021.

To fund this project, PBH initially pursued a Phase 1 Rapid Capital Housing Acquisition Project Grant through Washington State Department of Commerce through the Housing Trust Fund. As part of its application process, PBH requested a letter of support and commitment of grant match funds from the County and City of Port Angeles of $337,500 to help cover the renovation of the All View Motel in its conversion to supportive affordable housing, which was received from both the County and City of PA in August. On September 1st, PBH was notified that its All View Motel project was not selected for Phase 1 Grant funding as Phase 1 funding was distributed to "turn-key, no renovation needed" projects, but was strongly encouraged to apply for Phase 2 Grant funding based on the strength of their application. However, as the Phase 2 grant application window closes after the scheduled closing date of the purchase of the All View property, PBH requested that the County and City increase their match funding commitment to enable PBH to proceed with the purchase of the property on the scheduled closing date. In the event PBH was successful in its Phase 2 grant application process in securing funding for the purchase and renovation of the property, the County would be reimbursed for the amount of additional funding it provided beyond the original $337,500 funding commitment. As a result, the total amended request submitted by PBH for ARPA funding to the County was increased to $727,411.

As outlined in the ARPA Interim Final Rule and FAQ guidance provided by the U.S. Treasury, ARPA Funds can be utilized in support of the following purposes:

(1) To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;

(3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency;

(4) To make necessary investments in water, sewer, or broadband infrastructure; and

(5) To address the disparate impact of COVID-19 on certain populations and geographics, additional eligible services may include:

a. Addressing health disparities and the social determinants of health, including community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

b. Building stronger neighborhoods and communities, **including supportive housing**

and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;

c. Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and

d. Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth. (collectively "Eligible Uses").

As provided under FAQs 2.11 and 2.17 of US Treasury's Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions, ARPA funds may be used to support those segments of the population and geographies who were disproportionately negatively impacted by the pandemic, which include populations that reside within Qualified Census Tracts, those who have experienced unemployment, increased food or housing insecurity, or are of low- or moderate income (i.e. those whose household income are below 80% of the County's average median income). As a result, we believe the provision of supportive homelessness housing and affordable housing economic support using ARPA funds to those low to moderate income or homeless households experiencing housing insecurity in Clallam County represents an eligible and proper use of ARPA funds to address the negative economic impacts of the COVID-19 pandemic.

PENINSULA BEHAVIORAL HEALTH OF CLALLAM COUNTY—OVERVIEW OF THEIR MISSION, THE NEED OF AFFORDABLE HOUSING FOR INDIVIDUALS AND THEIR FAMILIES STRUGGLING WITH MENTAL AND BEHAVIORAL HEALTH ISSUES, THE IMPACT OF COVID-19 ON THE AFFORDABLE HOUSING CRISIS AND, AND RESULTING NEED FOR ARPA FUNDING TO CREATE MORE AFFORDABLE HOUSING IN CLALLAM COUNTY

As outlined in the attached application and overview, Peninsula Behavioral Health (PBH) has been providing services and housing to individuals and families homeless, in Clallam County since 1971. PBH currently provides services to over 3,000 individual residents, including almost 900 children. Crisis Intervention, Substance Use and Co-Occurring Disorders, a Medical Department, and Residential Services are just a few of the services that are offered to any individual or family.

Notable supportive housing statistics and opportunities to expand supportive affordable housing in Clallam County being pursued by the Recipient during the pandemic include the following:

- According to the HUD Point in Time (PIT) count and Housing Inventory County (HIC), there are only 22 shelter and transitional housing beds available for 151 households without minors in Clallam County, meaning only 14 percent of the total need is being met. Additionally there are only 44 permanent supportive housing (PSH) beds available for 112 chronically homeless clients with a disabling condition in 2020. These numbers indicated that the PSH inventory only met 39% of the disabled and chronically homeless population needs.

- To address this need for supportive housing in Clallam County, the Recipient has identified an opportunity to convert a Port Angeles motel (the All View Motel property) currently for sale into permanent supportive housing for individuals and families with serious behavioral health challenges who are experiencing homelessness or imminent risk of becoming homeless which the Recipient will own, operate, and staff. On July 31, 2021, the Recipient entered into a purchase and sale agreement to acquire the All-View Motel for $1,470,000, with closing scheduled for October 27, 2021.

- As individuals with serious mental health needs and significant substance use disorders are often difficult to house in this community due to criminal history, poor or no rental history, or issues associated with chronic homelessness, the Recipient intends to provide support services onsite to successfully transition unsheltered individuals into this housing opportunity or into shared housing.

- Once renovated and converted into supportive affordable housing, the All-View Motel will consist of seven 2-bedroom units prioritized for families with children and 19 studios for individuals and couples where at least one party presents with a serious behavioral health need and is actively participating in treatment at the time of occupancy. The Recipient has budgeted for two units for residents with household income at 80% or below the County AMI (Average Median Income), four units at 30% or below the County AMI, and the remaining units at 50% below the County AMI;

- To fund the purchase and renovation of the All View Motel, the Recipient is currently applying for a Rapid Capital Housing Acquisition Project – Phase 2 through the Washington State Department of Commerce through the Housing Trust Fund However, as the awarding of this grant is not certain and the timing of the potential awarding and receipt of fund of this grant will not coincide with the scheduled closing date for the Recipient's purchase of the All-View Motel property, the Recipient is seeking ARPA Funds to enable it to complete the purchase of the property.

PENINSULA BEHAVIORAL HEALTH DIRECT GRANT ASSISTANCE AGREEMENT

Based on guidance received from the WA State Department of Commerce, we have structured this awarding of ARPA funds to PBH as a direct beneficiary grant assistance agreement, given that PBH use of ARPA funds to be provided are being limited to being used solely for the purchase of the All View Motel affordable housing project, which PBH will own and operate following project completion.

Eligible Use Criteria:
Funds are to be used for completing the purchase of the All View Motel property that will be converted by the Recipient into supportive affordable housing for low income individuals and/or families with serious mental health needs and/or significant substance use disorders that are in need of permanent stable housing with onsite services who have household incomes below 80% of County AMI

Such eligible costs incurred for the All View Motel project may include:

- The purchase price and closing costs of the building pursuant to the Commercial & Investment Real Estate Purchase & Sale Agreement dated July 31, 2021 between the Recipient and Ken Lee & Jen LLC

As this funding is needed to address immediate cash flow constraints that are hindering the PBH's ability to purchase the property by the scheduled closing date, the County agrees to fully distribute such funds to the closing agent designated in the purchase and sale agreement upon execution of this Agreement, receipt by the County of a final settlement statement from the closing agent and receipt of proof of satisfaction of all others terms and conditions and inspections required for the closing of the purchase to proceed, conditioned that such funds are utilized in support of the purchase of the All View Motel affordable housing project in Clallam County and that such funds are expended no later than December 31, 2024. Following closing of the purchase of the All View Motel property, the County shall be provided a copy of final closing documents for the purchase.

As noted earlier, in the event PBH is subsequently awarded funds resulting from its Department of Commerce Housing Trust Fund Phase 2 grant application to fund the purchase and renovation of the All View Motel, the Recipient will promptly reimburse the County $389,911 of the ARPA Funds provided which the County will then redirect to other ARPA eligible uses of funds outside of this Agreement. The remaining $337,500 of ARPA Funds provided to the Recipient will remain in place in support of the purchase of the All View Motel on the condition that there is no duplication of reimbursement of such costs from the Department of Commerce Housing Trust grant funding received and utilized by the Recipient in support of the purchase and renovation of the All View Motel property.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐

Approval of this contract will authorize the release of $727,411 of ARPA funds from the American Rescue Plan Act special revenue fund to the escrow closing agent being utilized for the purchase and sale of the All View Motel (Clallam Title) just prior to closing upon execution of this Agreement. In the event Peninsula Behavioral Health is subsequently awarded the funds from the Department of Commerce Housing Trust Fund, $389,911 of the ARPA funds provided to PBH for this project will be returned to the Clallam County ARPA special revenue fund and redirected into other ARPA eligible projects.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
In an effort to support PBH's efforts to offer and support individuals and families with serious mental health needs and substance use disorders in need of permanent supportive housing, we request the Commissioner's feedback and approval to proceed in submitting this agreement for approval during the next BOCC meeting scheduled on Tuesday, October 19, 2021.

County Official signature & print name: _____Mark Lane_____

Name of Employee/Stakeholder attending meeting: Mark Lane, Chelsea Lierly

Relevant Departments: ____Finance, BOCC_____

Date submitted: October 12, 2021

19961.21.007

ARPA DIRECT GRANT ASSISTANCE AGREEMENT

This ARPA Direct Grant Assistance Agreement ("Agreement") is dated as of the _____ day of _____, 2021, by and between Clallam County, a Washington political subdivision ("County"), and Peninsula Behavioral Health (Federal Tax 91-0869129, DUNS # 180188310), a Washington state non-profit 501(c)(3) organization ("Recipient").

WHEREAS, the U.S. Department of the Treasury ("Treasury") has allocated to the County $15,020,640 of federal stimulus funding from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Funds under CFDA No. 21.027 ("ARPA Funds") under Section 603(b) of the Social Security Act, as amended by Section 9901 of the American Rescue Plan Act ("ARPA Act"), of which $7,510,320 was outlayed to the County on May 28, 2021 with the remainder of funds of $7,510,320 to be disbursed by Treasury to the County one year thereafter, for the limited purposes identified in the Interagency Agreement between the Treasury and Clallam County designated under FAIN #SLFRP2169 ("IGA"), identified as Attachment A, the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule ("Interim Final Rule"), identified as Attachment B, and the Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds ("Compliance & Reporting Guidelines"), identified as Attachment C. Attachments A, B & C are attached hereto and incorporated herein by this reference.

WHEREAS, the ARPA Act authorizes the County to expend ARPA Funds awarded to the County for the following eligible purposes as outlined in the Interim Final Rule as follows:

(1) To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
(2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
(3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
(4) To make necessary investments in water, sewer, or broadband infrastructure;
(5) To address the disparate impact of COVID-19 on certain populations and geographics, additional eligible services may include:

a. Addressing health disparities and the social determinants of health, including community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

b. Building stronger neighborhoods and communities, including supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;

c. Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts,

educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and

d. Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth. (collectively "Eligible Uses").

Pursuant to the ARPA Act, Eligible Uses under this non-R&D federal program must be obligated no earlier than March 3, 2021 and no later than December 31, 2024, with final disbursement of all funds no later than December 31, 2026.

WHEREAS, the County desires to allocate portions of the ARPA Funds awarded to Clallam County in support of non-profit organizations and other agencies engaged in supporting and developing affordable housing in Clallam County to meet the housing needs of low income households, those residents residing in Qualified Census Tracts, and other vulnerable populations or geographic areas disproportionately-impacted by the COVID public health emergency in the County who are experiencing housing insecurity, substandard living conditions or homelessness, which is consistent with Item 5 (b) of the Eligible Uses of ARPA Funds outlined above.

WHEREAS, the Recipient, a Clallam County non-profit organization that provides behavioral health services including mental health care, co-occurring and substance use disorder counseling and temporary or permanent residential services to Clallam County residents as well as many other crucial community services, has identified an ongoing need for affordable housing to serve low income individuals and families. These housing needs existed before and were exacerbated during the COVID-19 public health emergency as many Clallam County residents became homeless or in imminent risk of becoming homeless. Notable supportive housing statistics and opportunities to expand supportive affordable housing in Clallam County being pursued by the Recipient during the pandemic include the following:

- According to the HUD Point in Time (PIT) count and Housing Inventory County (HIC), there are only 22 shelter and transitional housing beds available for 151 households without minors in Clallam County, meaning only 14 percent of the total need is being met. Additionally there are only 44 permanent supportive housing (PSH) beds available for 112 chronically homeless clients with a disabling condition in 2020. These numbers indicated that the PSH inventory only met 39% of the disabled and chronically homeless population needs.

- To address this need for supportive housing in Clallam County, the Recipient has identified an opportunity to convert a Port Angeles motel (the All View Motel property) currently for sale into permanent supportive housing for individuals and families with serious behavioral health challenges who are experiencing homelessness or imminent risk of becoming homeless which the Recipient will own, operate, and staff. On July 31, 2021, the Recipient entered into a purchase and sale agreement to acquire the All-View Motel for $1,470,000, with closing scheduled for October 27, 2021.

- As individuals with serious mental health needs and significant substance use disorders are often difficult to house in this community due to criminal history, poor or no rental history, or issues associated with chronic homelessness, the Recipient intends to provide support services onsite to successfully transition unsheltered individuals into this housing opportunity or into shared housing.

- Once renovated and converted into supportive affordable housing, the All-View Motel will consist of seven 2-bedroom units prioritized for families with children and 19 studios for individuals and couples where at least one party presents with a serious behavioral health need and is actively participating in treatment at the time of occupancy. The Recipient has budgeted for two units for residents with household income at 80% or below the County AMI (Average Median Income), four units at 30% or below the County AMI, and the remaining units at 50% below the County AMI;

- To fund the purchase and renovation of the All View Motel, the Recipient is currently applying for a Rapid Capital Housing Acquisition Project – Phase 2 through the Washington State Department of Commerce through the Housing Trust Fund However, as the awarding of this grant is not certain and the timing of the potential awarding and receipt of fund of this grant will not coincide with the scheduled closing date for the Recipient's purchase of the All-View Motel property, the Recipient is seeking ARPA Funds to enable it to complete the purchase of the property.

WHEREAS, the County believes the provision of economic support to the Recipient is necessary and appropriate given the Recipient's critical role in providing affordable housing to impacted, vulnerable people in Clallam County experiencing homelessness or facing becoming homeless, the significant shortfall of affordable housing for individuals in Clallam County, exacerbated by the COVID-19 pandemic and the need for housing for individuals and families that have serious mental health needs and/or substance use disorders that need onsite supported services represents an eligible use of ARPA Funds as outlined previously;

WHEREAS, the County and Recipient desire to enter into this Agreement so that the County may advance ARPA Funds to the Recipient via a direct economic support grant to the Recipient to provide the Recipient with additional cash flow needed to enable the Recipient to proceed with purchasing the All View Motel and establishing a new affordable housing project within Clallam County as allowed under the IGA and Interim Final Rule.

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated herein by reference, and the terms and conditions set forth below, the parties agree as follows:

1. Effective Date and Term. This Agreement shall commence when last executed by all parties and remain in effect until December 31, 2024, unless terminated by the County in writing.

   ARPA Funds. The County agrees to provide the Recipient a total sum not to exceed $727,411 which will be used by the Recipient to support the purchase of the All View Motel for conversion into affordable housing for low income individuals and families

who have serious mental health needs and/or a substance use disorder that are homeless or imminent risk of becoming homeless. Such funds to be utilized for the purchase of the All View Motel will be provided to the closing agent designated in the purchase and sale agreement dated July 31, 2021 upon receipt by the County of a final settlement statement from the closing agent and receipt of proof of satisfaction of all others terms and conditions and inspections required for the closing of the purchase to proceed. Following closing of the purchase of the All View Motel, the County shall be provided a copy of final closing documents for the purchase. All funds provided to the Recipient must be expended no later than December 31, 2024 based on eligible uses of funds outlined in Attachment D, with any unspent grant funds advanced to the Recipient by the County to be refunded to the County upon earlier of the end of the term of the Agreement, or the termination of the Agreement by the County.

2. In the event the Recipient is subsequently awarded funds resulting from its Department of Commerce Housing Trust Fund grant application to fund the purchase and renovation of the All View Motel, the Recipient will promptly reimburse the County $389,911 of the ARPA Funds provided which the County will then redirect to other ARPA eligible uses of funds outside of this Agreement. The remaining $337,500 of ARPA Funds provided to the Recipient will remain in place in support of the Recipient's purchase of the All View Motel on the condition that there is no duplication of reimbursement of such costs from the Department of Commerce Housing Trust grant funding received and utilized by the Recipient in support of the purchase and renovation of the All View Motel property.

3. Ineligible Uses. Non-allowable uses of ARPA Funds include, without limitation, the following: a) usage of funds to either directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period that reduces any tax or delays the imposition of any tax or tax increase; b) damages covered by insurance; c) usage of funds as a deposit into any pension fund; d) expenses that have been or will be reimbursed under any federal program; e) debt service costs; f) contributions to a "rainy day" fund; and d) legal settlements.

4. Agreed Limitation on Uses. The Recipient agrees that the All View Motel to be purchased shall be used only as supportive affordable housing for low income individuals and families experiencing behavioral health challenges who are experiencing homelessness or in imminent risk of becoming homeless that the Recipient will retain ownership of, staff and maintain.

5. Return of Grant Funds upon Cessation of Agreed Use. In the event that the above described All View Motel ceases to be used as supportive affordable housing for low income individuals and families experiencing behavioral health challenges, or if Recipient sells the property to another person or entity, the Recipient shall return the above described ARPA funds actually received by Recipient to Clallam County for distribution to other ARPA recipients or return of such monies to the US Treasury.

6. Termination. The County may terminate this Agreement, for convenience or otherwise and for no consideration or damages, upon prior notice to the Recipient.

7. Independent Contractor. Each party under the Agreement shall be for all purposes an Independent Contractor. Nothing contained herein will be deemed to create an association, a partnership, a joint venture, or a relationship of principal and agent, or employer and employee between the parties. The Recipient shall not be, or be deemed to be, or act or purport to act, as an employee, agent, or representative of the County for any purpose.

8. Indemnification. The Recipient agrees to defend, indemnify and hold the County, its officers, officials, employees, agents and volunteers harmless from and against any and all claims, injuries, damages, losses or expenses including without limitation personal injury, bodily injury, sickness, disease, or death, or damage to or destruction of property, which are alleged or proven to be caused in whole or in part by an act or omission of the Recipient, its officers, directors, employees, and/or agents relating to the Recipient's performance or failure to perform under this Agreement. The section shall survive the expiration or termination of this Agreement.

9. Compliance with Laws, Guidelines. The Recipient shall comply with all federal, state, and local laws and all requirements (including debarment and other required certifications and audits) of the IGA, Interim Final Rule, and Compliance & Reporting Guidelines to the extent applicable, when disbursing ARPA Funds to recipients or when seeking Reimbursement from the County.

10. Maintenance and Audit of Records. The Recipient shall maintain records, books, documents, and other materials relevant to its performance under this Agreement. These records shall be subject to inspection, review and audit by the County or its designee, the Washington State Auditor's Office and as required by the IGA, Interim Final Rule and Compliance & Reporting Guidelines for five (5) years following termination of this Agreement. If it is determined during the course of the audit that the Recipient was reimbursed for unallowable costs under this Agreement, the Recipient agrees to promptly reimburse the County for such payments upon request.

11. Notices. Any notice desired or required to be given hereunder shall be in writing, and shall be deemed received three (3) days after deposit with the U.S. Postal Service, postage fully prepaid, certified mail, return receipt requested, and addressed to the party to which it is intended at its last known address, or to such other person or address as either party shall designate to the other from time to time in writing forwarded in like manner:

Recipient
Peninsula Behavioral Health
Attn: Wendy Sisk, CEO
118 E 8th Street
Port Angeles, WA 98362

Clallam County
Attn: Mark Lane, Chief Financial Officer
223 E 4th St, Suite 4
Port Angeles, WA 98362-3015

12. Improper Influence. Each party warrants that it did not and will not employ, retain, or contract with any person or entity on a contingent compensation basis for the purpose of seeking, obtaining, maintaining, or extending this Agreement. Each party agrees, warrants, and represents that no gratuity whatsoever has been or will be offered or conferred with a view towards obtaining, maintaining, or extending this Agreement.

13. Conflict of Interest. The elected and appointed officials and employees of the parties shall not have any personal interest, direct or indirect, which gives rise to a conflict of interest.

14. Time. Time is of the essence in this Agreement.

15. Survival. The provisions of this Agreement that by their sense and purpose should survive expiration or termination of the Agreement shall so survive. Those provisions include without limitation Indemnification and Maintenance and Audit of Records.

16. Amendment. No amendment or modification to the Agreement will be effective without the prior written consent of the authorized representatives of the parties.

17. Governing Law; Venue. The Agreement will be governed in all respects by the laws of Washington State, both as to interpretation and performance, without regard to conflicts of law or choice of law provisions. Any action arising out of or in connection with the Agreement may be instituted and maintained only in a court of competent jurisdiction in Clallam County, Washington or as provided by RCW 36.01.050.

18. Non-Waiver. No failure on the part of the County to exercise, and no delay in exercising, any right hereunder shall operate as a wavier thereof; nor shall any single or partial exercise by the County of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedy available to the County at law or in equity.

19. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

20. Assignment. The Recipient shall not assign or transfer any of its interests in or obligations under this Agreement without the prior written consent of the County.

21. Entire Agreement. This Agreement constitutes the entire agreement between the County and the Recipient for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the parties with respect to this Agreement.

22. No Third Party Beneficiaries. Nothing herein shall or be deemed to create or confer any right, action, or benefit in, to, or on the part of any person or entity that is not a party to this Agreement. This provision shall not limit any obligation which either Party has to Treasury in connection with the use of ARPA Funds, including the obligations to provide access to records and cooperate with audits as provided in this Agreement.

23. Severability. In the event that one or more provisions of this Agreement shall be determined to be invalid by any court of competent jurisdiction or agency having jurisdiction thereof, the remainder of the Agreement shall remain in full force and effect and the invalid provisions shall be deemed deleted.

24. Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original but all of which together shall constitute one and the same instrument.

25. Authorization. Each party signing below warrants to the other party, that they have the full power and authority to execute this Agreement on behalf of the party for whom they sign.

IN WITNESS WHEREOF, this Agreement is executed and shall become effective as of the last date signed below.

DATED this 12th **day of** October, **2021.**

RECIPIENT

By: Wendy Sisk

Print Name: Wendy Sisk

Its: CEO

DATED this _____ day of _____, 2021.

APPROVED AS TO FORM by DPA Stanley

BOARD OF COUNTY COMMISSIONERS
CLALLAM COUNTY, WASHINGTON

MARK OZIAS, Chair

RANDY JOHNSON, Commissioner

BILL PEACH, Commissioner

ATTEST:

L. Gores, Clerk of the Board

THE U.S. DEPARTMENT OF TREASURY AND
CLALLAM COUNTY

ATTACHMENT B

U.S. DEPARTMENT OF TREASURY

CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS
INTERIM FINAL RULE
DATED 5-17-2021

ATTACHMENT C

U.S. DEPARTMENT OF TREASURY
COMPLIANCE AND REPORTING GUIDANCE FOR CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS
DATED 6-17-2021

ATTACHMENT D

SCOPE OF WORK

The Board of Commissioners is directing up to $727,411 to be disbursed to this Recipient to support its purchase of the All View Motel for conversion into a supportive affordable housing project of 27 units to house up to 41 individuals or families with serious mental health needs and/or significant substance use disorders that are in need of permanent stable housing with onsite services to be owned, operated and staffed by the Recipient.

Expenses under this grant must meet the eligibility criteria outlined below:

1. Eligible Costs

Funds are to be used for completing the purchase of the All View Motel property that will be converted by the Recipient into supportive affordable housing for low income individuals and/or families with serious mental health needs and/or significant substance use disorders that are in need of permanent stable housing with onsite services who have household incomes below 80% of County AMI

Such eligible costs incurred for the All View Motel project may include:

- The purchase price and closing costs of the building pursuant to the Commercial & Investment Real Estate Purchase & Sale Agreement dated July 31, 2021 between the Recipient and Ken Lee & Jen LLC

2. Program Funding and Award Amount

As this funding is needed to address immediate cash flow constraints that are hindering the Recipient's ability to purchase the property by the scheduled closing date, the County agrees to fully distribute such funds to the closing agent designated in the purchase and sale agreement dated July 31, 2021 upon execution of this Agreement, receipt by the County of a final settlement statement from the closing agent and receipt of proof of satisfaction of all others terms and conditions and inspections required for the closing of the purchase to proceed, conditioned that such funds are utilized in support of the purchase of the All View Motel affordable housing project in Clallam County and that such funds are expended no later than December 31, 2024. Following closing of the purchase of the All View Motel property, the County shall be provided a copy of final closing documents for the purchase.

In the event the Recipient is subsequently awarded funds resulting from its Department of Commerce Housing Trust Fund grant application to fund the purchase and renovation of the All View Motel, the Recipient will promptly reimburse the County $389,911 of the ARPA Funds provided which the County will then redirect to other ARPA eligible uses of funds outside of this Agreement. The remaining $337,500 of ARPA Funds provided to the Recipient will remain in place in support of the purchase of the All View Motel on the condition that there is no duplication of reimbursement of such costs from the Department of Commerce Housing Trust grant funding received and utilized by the Recipient in support of the purchase and renovation of the All View Motel property.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

OMB Approved No. 1505-0271
Expiration Date: November 30, 2021

U.S. DEPARTMENT OF THE TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

Recipient name and address: CLALLAM COUNTY 223 EAST FOURTH STREET, SUITE 4 PORT ANGELES, Washington, 98362-3015	DUNS Number: 075739235 Taxpayer Identification Number: 916001298 Assistance Listing Number: 21.019

Sections 602(b) and 603(b) of the Social Security Act (the Act) as added by section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2 (March 11, 2021) authorize the Department of the Treasury (Treasury) to make payments to certain recipients from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund.

Recipient hereby agrees, as a condition to receiving such payment from Treasury, to the terms attached hereto.

Recipient: DocuSigned by: MARK OZIAS 9C5FE664B8F24C1...

Authorized Representative: MARK OZIAS

Title: CHAIRMAN, BOARD OF CLALLAM COUNTY COMMISSIONERS

Date signed: 5/19/2021

U.S. Department of the Treasury:

_____

Authorized Representative:

Title:

Date:

PAPERWORK REDUCTION ACT NOTICE
The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 15 minutes per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

U.S. DEPARTMENT OF THE TREASURY
CORONAVIRUS LOCAL FISCAL RECOVERY FUND
AWARD TERMS AND CONDITIONS

1. Use of Funds.
   a. Recipient understands and agrees that the funds disbursed under this award may only be used in compliance with section 603(c) of the Social Security Act (the Act), Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing.

   b. Recipient will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project.

2. Period of Performance. The period of performance for this award begins on the date hereof and ends on December 31, 2026. As set forth in Treasury's implementing regulations, Recipient may use award funds to cover eligible costs incurred during the period that begins on March 3, 2021, and ends on December 31, 2024.

3. Reporting. Recipient agrees to comply with any reporting obligations established by Treasury as they relate to this award.

4. Maintenance of and Access to Records
   a. Recipient shall maintain records and financial documents sufficient to evidence compliance with section 603(c) of the Act, Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing.

   b. The Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of Recipient in order to conduct audits or other investigations.

   c. Records shall be maintained by Recipient for a period of five (5) years after all funds have been expended or returned to Treasury, whichever is later.

5. Pre-award Costs. Pre-award costs, as defined in 2 C.F.R. § 200.458, may not be paid with funding from this award.

6. Administrative Costs. Recipient may use funds provided under this award to cover both direct and indirect costs.

7. Cost Sharing. Cost sharing or matching funds are not required to be provided by Recipient.

8. Conflicts of Interest. Recipient understands and agrees it must maintain a conflict of interest policy consistent with 2 C.F.R. § 200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. Recipient and subrecipients must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 C.F.R. § 200.112.

9. Compliance with Applicable Law and Regulations.
   a. Recipient agrees to comply with the requirements of section 603 of the Act, regulations adopted by Treasury pursuant to section 603(f) of the Act, and guidance issued by Treasury regarding the foregoing. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this award.

   b. Federal regulations applicable to this award include, without limitation, the following:

      i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award.

      ii. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated by reference.

      iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.

      iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. Part 180 and Treasury's implementing regulation at 31 C.F.R. Part 19.

      v. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.

      vi. Governmentwide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.

      vii. New Restrictions on Lobbying, 31 C.F.R. Part 21.

      viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.

      ix. Generally applicable federal environmental laws and regulations.

   c. Statutes and regulations prohibiting discrimination applicable to this award include, without limitation, the following:

      i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;

iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;

iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and

v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

10. Remedial Actions. In the event of Recipient's noncompliance with section 603 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 C.F.R. § 200.339. In the case of a violation of section 603(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 603(e) of the Act.

11. Hatch Act. Recipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.

12. False Statements. Recipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

13. Publications. Any publications produced with funds from this award must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number [enter project FAIN] awarded to [name of Recipient] by the U.S. Department of the Treasury."

14. Debts Owed the Federal Government.
    a. Any funds paid to Recipient (1) in excess of the amount to which Recipient is finally determined to be authorized to retain under the terms of this award; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to section 603(e) of the Act and have not been repaid by Recipient shall constitute a debt to the federal government.

    b. Any debts determined to be owed the federal government must be paid promptly by

Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made or if the Recipient knowingly or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any actions available to it to collect such a debt.

15. Disclaimer.
    a. The United States expressly disclaims any and all responsibility or liability to Recipient or third persons for the actions of Recipient or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this award or any other losses resulting in any way from the performance of this award or any contract, or subcontract under this award.

    b. The acceptance of this award by Recipient does not in any way establish an agency relationship between the United States and Recipient.

16. Protections for Whistleblowers.
    a. In accordance with 41 U.S.C. § 4712, Recipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

    b. The list of persons and entities referenced in the paragraph above includes the following:
        i. A member of Congress or a representative of a committee of Congress;
        ii. An Inspector General;
        iii. The Government Accountability Office;
        iv. A Treasury employee responsible for contract or grant oversight or management;
        v. An authorized official of the Department of Justice or other law enforcement agency;
        vi. A court or grand jury; or
        vii. A management official or other employee of Recipient, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct.

    c. Recipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

17. Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Recipient should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

18. Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Recipient should encourage its employees, subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and Recipient should establish workplace safety policies to decrease accidents caused by distracted drivers.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

OMB Approved No. 1505-0271
Expiration Date: November 30, 2021

ASSURANCES OF COMPLIANCE WITH CIVIL RIGHTS REQUIREMENTS

ASSURANCES OF COMPLIANCE WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

As a condition of receipt of federal financial assistance from the Department of the Treasury, the recipient named below (hereinafter referred to as the "Recipient") provides the assurances stated herein. The federal financial assistance may include federal grants, loans and contracts to provide assistance to the Recipient's beneficiaries, the use or rent of Federal land or property at below market value, Federal training, a loan of Federal personnel, subsidies, and other arrangements with the intention of providing assistance. Federal financial assistance does not encompass contracts of guarantee or insurance, regulated programs, licenses, procurement contracts by the Federal government at market value, or programs that provide direct benefits.

The assurances apply to all federal financial assistance from or funds made available through the Department of the Treasury, including any assistance that the Recipient may request in the future.

The Civil Rights Restoration Act of 1987 provides that the provisions of the assurances apply to all of the operations of the Recipient's program(s) and activity(ies), so long as any portion of the Recipient's program(s) or activity(ies) is federally assisted in the manner prescribed above.

1. Recipient ensures its current and future compliance with Title VI of the Civil Rights Act of 1964, as amended, which prohibits exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d *et seq.*), as implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other pertinent executive orders such as Executive Order 13166, directives, circulars, policies, memoranda, and/or guidance documents.
2. Recipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency," seeks to improve access to federally assisted programs and activities for individuals who, because of national origin, have Limited English proficiency (LEP). Recipient understands that denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, Recipient shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Recipient understands and agrees that meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the Recipient's programs, services, and activities.
3. Recipient agrees to consider the need for language services for LEP persons when Recipient develops applicable budgets and conducts programs, services, and activities. As a resource, the Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information on taking reasonable steps to provide meaningful access for LEP persons, please visit http://www.lep.gov.

OMB Approved No. 1505-0271
Expiration Date: November 30, 2021

4. Recipient acknowledges and agrees that compliance with the assurances constitutes a condition of continued receipt of federal financial assistance and is binding upon Recipient and Recipient's successors, transferees, and assignees for the period in which such assistance is provided.

5. Recipient acknowledges and agrees that it must require any sub-grantees, contractors, subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above, and agrees to incorporate the following language in every contract or agreement subject to Title VI and its regulations between the Recipient and the Recipient's sub-grantees, contractors, subcontractors, successors, transferees, and assignees:

   The sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement.

6. Recipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Recipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Recipient for the period during which it retains ownership or possession of the property.

7. Recipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The Recipient shall comply with information requests, on-site compliance reviews and reporting requirements.

8. Recipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Recipient also must inform the Department of the Treasury if Recipient has received no complaints under Title VI.

9. Recipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

agreements between the Recipient and the administrative agency that made the finding. If the Recipient settles a case or matter alleging such discrimination, the Recipient must provide documentation of the settlement. If Recipient has not been the subject of any court or administrative agency finding of discrimination, please so state.

10. If the Recipient makes sub-awards to other agencies or other entities, the Recipient is responsible for ensuring that sub-recipients also comply with Title VI and other applicable authorities covered in this document State agencies that make sub-awards must have in place standard grant assurances and review procedures to demonstrate that that they are effectively monitoring the civil rights compliance of sub-recipients.

The United States of America has the right to seek judicial enforcement of the terms of this assurances document and nothing in this document alters or limits the federal enforcement measures that the United States may take in order to address violations of this document or applicable federal law.

Under penalty of perjury, the undersigned official(s) certifies that official(s) has read and understood the Recipient's obligations as herein described, that any information submitted in conjunction with this assurances document is accurate and complete, and that the Recipient is in compliance with the aforementioned nondiscrimination requirements.

CLALLAM COUNTY

Recipient

5/19/2021

Date

DocuSigned by:
MARK OZIAS
9C5FE664B8F24C1...

Signature of Authorized Official

PAPERWORK REDUCTION ACT NOTICE

The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 30 minutes per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

DEPARTMENT OF THE TREASURY

31 CFR Part 35

RIN 1505–AC77

Coronavirus State and Local Fiscal Recovery Funds

AGENCY: Department of the Treasury.

ACTION: Interim final rule.

SUMMARY: The Secretary of the Treasury (Treasury) is issuing this interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

DATES: *Effective date:* The provisions in this interim final rule are effective May 17, 2021.

Comment date: Comments must be received on or before July 16, 2021.

ADDRESSES: Please submit comments electronically through the Federal eRulemaking Portal: *http://www.regulations.gov*. Comments can be mailed to the Office of the Undersecretary for Domestic Finance, Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington, DC 20220. Because postal mail may be subject to processing delay, it is recommended that comments be submitted electronically. All comments should be captions with "Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule Comments." Please include your name, organization affiliation, address, email address and telephone number in your comment. Where appropriate, a comment should include a short executive summary.

In general, comments received will be posted on *http://www.regulations.gov* without change, including any business or personal information provided. Comments received, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Katharine Richards, Senior Advisor, Office of Recovery Programs, Department of the Treasury, (844) 529–9527.

SUPPLEMENTARY INFORMATION:

I. Background Information

A. Overview

Since the first case of coronavirus disease 2019 (COVID–19) was discovered in the United States in January 2020, the disease has infected over 32 million and killed over 575,000 Americans.[1] The disease has impacted every part of life: As social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs. In April 2020, the national unemployment rate reached its highest level in over seventy years following the most severe month-over-month decline in employment on record.[2] As of April 2021, there were still 8.2 million fewer jobs than before the pandemic.[3] During this time, a significant share of households have faced food and housing insecurity.[4] Economic disruptions impaired the flow of credit to households, State and local governments, and businesses of all sizes.[5] As businesses weathered closures and sharp declines in revenue, many were forced to shut down, especially small businesses.[6]

Amid this once-in-a-century crisis, State, territorial, Tribal, and local governments (State, local, and Tribal governments) have been called on to respond at an immense scale. Governments have faced myriad needs to prevent and address the spread of COVID–19, including testing, contact tracing, isolation and quarantine, public communications, issuance and enforcement of health orders, expansions to health system capacity like alternative care facilities, and in recent months, a massive nationwide mobilization around vaccinations. Governments also have supported major efforts to prevent COVID–19 spread through safety measures in settings like nursing homes, schools, congregate living settings, dense worksites, incarceration settings, and public facilities. The pandemic's impacts on behavioral health, including the toll of pandemic-related stress, have increased the need for behavioral health resources.

At the same time, State, local and Tribal governments launched major efforts to address the economic impacts of the pandemic. These efforts have been tailored to the needs of their communities and have included expanded assistance to unemployed workers; food assistance; rent, mortgage, and utility support; cash assistance; internet access programs; expanded services to support individuals experiencing homelessness; support for individuals with disabilities and older adults; and assistance to small businesses facing closures or revenue loss or implementing new safety measures.

In responding to the public health emergency and its negative economic impacts, State, local, and Tribal governments have seen substantial increases in costs to provide these services, often amid substantial declines in revenue due to the economic downturn and changing economic patterns during the pandemic.[7] Facing these budget challenges, many State, local, and Tribal governments have been forced to make cuts to services or their workforces, or delay critical investments. From February to May of 2020, State, local, and Tribal governments reduced their workforces by more than 1.5 million jobs and, in April of 2021, State, local, and Tribal government employment remained nearly 1.3 million jobs below pre-pandemic levels.[8] These cuts to State, local, and Tribal government workforces

[1] Centers for Disease Control and Prevention, COVID Data Tracker, *http://www.covid.cdc.gov/covid-data-tracker/#datatracker-home* (last visited May 8, 2021).

[2] U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/UNRATE*, May 3, 2021. U.S. Bureau of Labor Statistics, Employment Level [LNU02000000], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNU02000000*, May 3, 2021.

[3] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/PAYEMS*, May 7, 2021.

[4] Nirmita Panchal et al., The Implications of COVID–19 for Mental Health and Substance Abuse (Feb. 10, 2021), https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/#:~:text=Older%20adults%20are%20also%20more,prior%20to%20the%20current%20crisis; U.S. Census Bureau, Household Pulse Survey: Measuring Social and Economic Impacts during the Coronavirus Pandemic, https://www.census.gov/programs-surveys/household-pulse-survey.html (last visited Apr. 26, 2021); Rebecca T. Leeb et al., Mental Health-Related Emergency Department Visits Among Children Aged <18 Years During the COVID Pandemic—United States, January 1—October 17, 2020, Morb. Mortal. Wkly. Rep. 69(45):1675–80 (Nov. 13, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6945a3.htm*.

[5] Board of Governors of the Federal Reserve System, Monetary Policy Report (June 12, 2020), *https://www.federalreserve.gov/monetarypolicy/2020-06-mpr-summary.htm*.

[6] Joseph R. Biden, Remarks by President Biden on Helping Small Businesses (Feb. 22, 2021), *https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/22/remarks-by-president-biden-on-helping-small-businesses/*.

[7] Michael Leachman, House Budget Bill Provides Needed Fiscal Aid for States, Localities, Tribal Nations, and Territories (Feb. 10, 2021), *https://www.cbpp.org/research/state-budget-and-tax/house-budget-bill-provides-needed-fiscal-aid-for-states-localities*.

[8] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited May 8, 2021).

come at a time when demand for government services is high, with State, local, and Tribal governments on the frontlines of fighting the pandemic. Furthermore, State, local, and Tribal government austerity measures can hamper overall economic growth, as occurred in the recovery from the Great Recession.[9]

Finally, although the pandemic's impacts have been widespread, both the public health and economic impacts of the pandemic have fallen most severely on communities and populations disadvantaged before it began. Low-income communities, people of color, and Tribal communities have faced higher rates of infection, hospitalization, and death,[10] as well as higher rates of unemployment and lack of basic necessities like food and housing.[11] Pre-existing social vulnerabilities magnified the pandemic in these communities, where a reduced ability to work from home and, frequently, denser housing amplified the risk of infection. Higher rates of pre-existing health conditions also may have contributed to more severe COVID–19 health outcomes.[12] Similarly, communities or households facing economic insecurity before the pandemic were less able to weather business closures, job losses, or declines in earnings and were less able to participate in remote work or education due to the inequities in access to reliable and affordable broadband infrastructure.[13] Finally, though schools in all areas faced challenges, those in high poverty areas had fewer resources to adapt to remote and hybrid learning models.[14] Unfortunately, the pandemic also has reversed many gains made by communities of color in the prior economic expansion.[15]

B. The Statute and Interim Final Rule

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President.[16] Section 9901 of ARPA amended Title VI of the Social Security Act[17] (the Act) to add section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and section 603, which establishes the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds).[18] The Fiscal Recovery Funds are intended to provide support to State, local, and Tribal governments (together, recipients) in responding to the impact of COVID–19 and in their efforts to contain COVID–19 on their communities, residents, and businesses. The Fiscal Recovery Funds build on and expand the support provided to these governments over the last year, including through the Coronavirus Relief Fund (CRF).[19]

Through the Fiscal Recovery Funds, Congress provided State, local, and Tribal governments with significant resources to respond to the COVID–19 public health emergency and its economic impacts through four categories of eligible uses. Section 602 and section 603 contain the same eligible uses; the primary difference between the two sections is that section 602 establishes a fund for States, territories, and Tribal governments and section 603 establishes a fund for metropolitan cities, nonentitlement units of local government, and counties. Sections 602(c)(1) and 603(c)(1) provide that funds may be used:

(a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(b) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers;

(c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

(d) To make necessary investments in water, sewer, or broadband infrastructure.

In addition, Congress clarified two types of uses which do not fall within these four categories. Sections 602(c)(2)(B) and 603(c)(2) provide that these eligible uses do not include, and thus funds may not be used for, depositing funds into any pension fund. Section 602(c)(2)(A) also provides, for States and territories, that the eligible uses do not include "directly or indirectly offset[ting] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation."

The ARPA provides a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. First, payments from the Fiscal Recovery Funds help to ensure that State, local, and Tribal governments have the resources needed to continue to take actions to decrease the spread of COVID–19 and bring the pandemic under control. Payments from the Fiscal Recovery Funds may also be used by recipients to provide support for costs incurred in addressing public health and economic challenges resulting from the pandemic, including resources to offer premium pay to essential workers, in recognition of their sacrifices over the

[9] Tracy Gordon, State and Local Budgets and the Great Recession, Brookings Institution (Dec. 31, 2012), *http://www.brookings.edu/articles/state-and-local-budgets-and-the-great-recession.*

[10] Sebastian D. Romano et al., Trends in Racial and Ethnic Disparities in COVID–19 Hospitalizations, by Region—United States, March–December 2020, MMWR Morb Mortal Wkly Rep 2021, 70:560–565 (Apr. 16, 2021), *https://www.cdc.gov/mmwr/volumes/70/wr/mm7015e2.htm?s_cid=mm7015e2_w.*

[11] Center on Budget and Policy Priorities, Tracking the COVID–19 Recession's Effects on Food, Housing, and Employment Hardships, *https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-housing-and* (last visited May 4, 2021).

[12] Lisa R. Fortuna et al., Inequity and the Disproportionate Impact of COVID–19 on Communities of Color in the United States: The Need for Trauma-Informed Social Justice Response, Psychological Trauma Vol. 12(5):443–45 (2020), *available at https://psycnet.apa.org/fulltext/2020-37320-001.pdf.*

[13] Emily Vogles et al., 53% of Americans Say the internet Has Been Essential During the COVID–19 Outbreak (Apr. 30, 2020), *https://www.pewresearch.org/internet/2020/04/30/53-of-americans-say-the-internet-has-been-essential-during-the-covid-19-outbreak/.*

[14] Emma Dorn et al., COVID–19 and student learning in the United States: The hurt could last a lifetime (June 2020), *https://webtest.childrensinstitute.net/sites/default/files/documents/COVID-19-and-student-learning-in-the-United-States_FINAL.pdf;* Andrew Bacher-Hicks et al., Inequality in Household Adaptation to Schooling Shocks: Covid-Induced Online Engagement in Real Time, J. of Public Econ. Vol. 193(C) (July 2020), *available at https://www.nber.org/papers/w27555.*

[15] *See, e.g.,* Tyler Atkinson & Alex Richter, Pandemic Disproportionately Affects Women, Minority Labor Force Participation, *https://www.dallasfed.org/research/economics/2020/1110* (last visited May 9, 2021); Jared Bernstein & Janelle Jones, The Impact of the COVID19 Recession on the Jobs and Incomes of Persons of Color, *https://www.cbpp.org/sites/default/files/atoms/files/6-2-20bud_0.pdf* (last visited May 9, 2021).

[16] American Rescue Plan Act of 2021 (ARPA), sec. 9901, Public Law 117–2, codified at 42 U.S.C. 802 *et seq.* The term "state" as used in this **SUPPLEMENTARY INFORMATION** and defined in section 602 of the Act means each of the 50 States and the District of Columbia. The term "territory" as used in this **SUPPLEMENTARY INFORMATION** and defined in section 602 of the Act means the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of Northern Mariana Islands, and American Samoa. Tribal government is defined in the Act and the interim final rule to mean "the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published most recently as of the date of enactment of the [American Rescue Plan Act] pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131)." See section 602(g)(7) of the Social Security Act, as added by the American Rescue Plan Act. On January 29, 2021, the Bureau of Indian Affairs published a current list of 574 Tribal entities. See 86 FR 7554, January 29, 2021. The term "local governments" as used in this **SUPPLEMENTARY INFORMATION** includes metropolitan cities, counties, and nonentitlement units of local government.

[17] 42 U.S.C. 801 *et seq.*

[18] Sections 602, 603 of the Act.

[19] The CRF was established by the section 601 of the Act as added by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116–136, 134 Stat. 281 (2020).

last year. Recipients may also use payments from the Fiscal Recovery Funds to replace State, local, and Tribal government revenue lost due to COVID–19, helping to ensure that governments can continue to provide needed services and avoid cuts or layoffs. Finally, these resources lay the foundation for a strong, equitable economic recovery, not only by providing immediate economic stabilization for households and businesses, but also by addressing the systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.

Within the eligible use categories outlined in the Fiscal Recovery Funds provisions of ARPA, State, local, and Tribal governments have flexibility to determine how best to use payments from the Fiscal Recovery Funds to meet the needs of their communities and populations. The interim final rule facilitates swift and effective implementation by establishing a framework for determining the types of programs and services that are eligible under the ARPA along with examples of uses that State, local, and Tribal governments may consider. These uses build on eligible expenditures under the CRF, including some expansions in eligible uses to respond to the public health emergency, such as vaccination campaigns. They also reflect changes in the needs of communities, as evidenced by, for example, nationwide data demonstrating disproportionate impacts of the COVID–19 public health emergency on certain populations, geographies, and economic sectors. The interim final rule takes into consideration these disproportionate impacts by recognizing a broad range of eligible uses to help States, local, and Tribal governments support the families, businesses, and communities hardest hit by the COVID–19 public health emergency.

Implementation of the Fiscal Recovery Funds also reflect the importance of public input, transparency, and accountability. Treasury seeks comment on all aspects of the interim final rule and, to better facilitate public comment, has included specific questions throughout this **SUPPLEMENTARY INFORMATION**. Treasury encourages State, local, and Tribal governments in particular to provide feedback and to engage with Treasury regarding issues that may arise regarding all aspects of this interim final rule and Treasury's work in administering the Fiscal Recovery Funds. In addition, the interim final rule establishes certain regular reporting requirements, including by requiring State, local, and Tribal governments to publish information regarding uses of Fiscal Recovery Funds payments in their local jurisdiction. These reporting requirements reflect the need for transparency and accountability, while recognizing and minimizing the burden, particularly for smaller local governments. Treasury urges State, territorial, Tribal, and local governments to engage their constituents and communities in developing plans to use these payments, given the scale of funding and its potential to catalyze broader economic recovery and rebuilding.

II. Eligible Uses

A. Public Health and Economic Impacts

Sections 602(c)(1)(A) and 603(c)(1)(A) provide significant resources for State, territorial, Tribal governments, and counties, metropolitan cities, and nonentitlement units of local governments (each referred to as a recipient) to meet the wide range of public health and economic impacts of the COVID–19 public health emergency.

These provisions authorize the use of payments from the Fiscal Recovery Funds to respond to the public health emergency with respect to COVID–19 or its negative economic impacts. Section 602 and section 603 also describe several types of uses that would be responsive to the impacts of the COVID–19 public health emergency, including assistance to households, small businesses, and nonprofits and aid to impacted industries, such as tourism, travel, and hospitality.[20]

Accordingly, to assess whether a program or service is included in this category of eligible uses, a recipient should consider whether and how the use would respond to the COVID–19 public health emergency. Assessing whether a program or service "responds to" the COVID–19 public health emergency requires the recipient to, first, identify a need or negative impact of the COVID–19 public health emergency and, second, identify how the program, service, or other intervention addresses the identified need or impact. While the COVID–19 public health emergency affected many aspects of American life, eligible uses under this category must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID–19 public health emergency.

[20] Sections 602(c)(1)(A), 603(c)(1)(A) of the Act.

The interim final rule implements these provisions by identifying 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 the Fiscal Recovery Funds not explicitly listed. The interim final rule also provides flexibility for recipients to use payments from the Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but that fall under the terms of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID–19 public health emergency or its negative economic impacts. As an example, in determining whether a program or service responds to the negative economic impacts of the COVID–19 public health emergency, the interim final rule provides that payments from the Fiscal Recovery Funds should be designed to address an economic harm resulting from or exacerbated by the public health emergency. Recipients should assess the connection between the negative economic harm and the COVID–19 public health emergency, the nature and extent of that harm, and how the use of this funding would address such harm.

As discussed, the pandemic and the necessary actions taken to control the spread had a severe impact on households and small businesses, including in particular low-income workers and communities and people of color. While eligible uses under sections 602(c)(1)(A) and 603(c)(1)(A) provide flexibility to recipients to identify the most pressing local needs, Treasury encourages recipients to provide assistance to those households, businesses, and non-profits in communities most disproportionately impacted by the pandemic.

1. Responding to COVID–19

On January 21, 2020, the Centers for Disease Control and Prevention (CDC) identified the first case of novel coronavirus in the United States.[21] By late March, the virus had spread to many States and the first wave was growing rapidly, centered in the northeast.[22] This wave brought acute

[21] Press Release, Centers for Disease Control and Prevention, First Travel-related Case of 2019 Novel Coronavirus Detected in United States (Jan. 21, 2020), *https://www.cdc.gov/media/releases/2020/p0121-novel-coronavirus-travel-case.html.*

[22] Anne Schuchat et al., Public Health Response to the Initiation and Spread of Pandemic COVID–19 in the United States, February 24–April 21, 2021, MMWR Morb Mortal Wkly Rep 2021, 69(18):551–56 (May 8, 2021), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6918e2.htm.*

strain on health care and public health systems: Hospitals and emergency medical services struggled to manage a major influx of patients; response personnel faced shortages of personal protective equipment; testing for the virus was scarce; and congregate living facilities like nursing homes and prisons saw rapid spread. State, local, and Tribal governments mobilized to support the health care system, issue public health orders to mitigate virus spread, and communicate safety measures to the public. The United States has since faced at least two additional COVID–19 waves that brought many similar challenges: The second in the summer, centered in the south and southwest, and a wave throughout the fall and winter, in which the virus reached a point of uncontrolled spread across the country and over 3,000 people died per day.[23] By early May 2021, the United States has experienced over 32 million confirmed COVID–19 cases and over 575,000 deaths.[24]

Mitigating the impact of COVID–19, including taking actions to control its spread and support hospitals and health care workers caring for the sick, continues to require a major public health response from State, local and Tribal governments. New or heightened public health needs include COVID–19 testing, major expansions in contact tracing, support for individuals in isolation or quarantine, enforcement of public health orders, new public communication efforts, public health surveillance (*e.g.,* monitoring case trends and genomic sequencing for variants), enhancement to health care capacity through alternative care facilities, and enhancement of public health data systems to meet new demands or scaling needs. State, local, and Tribal governments have also supported major efforts to prevent COVID–19 spread through safety measures at key settings like nursing homes, schools, congregate living settings, dense worksites, incarceration settings, and in other public facilities. This has included implementing infection prevention measures or making ventilation improvements in congregate settings, health care settings, or other key locations.

Other response and adaptation costs include capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics. In recent months, State, local, and Tribal governments across the country have mobilized to support the national vaccination campaign, resulting in over 250 million doses administered to date.[25]

The need for public health measures to respond to COVID–19 will continue in the months and potentially years to come. This includes the continuation of the vaccination campaign for the general public and, if vaccinations are approved for children in the future, eventually for youths. This also includes monitoring the spread of COVID–19 variants, understanding the impact of these variants (especially on vaccination efforts), developing approaches to respond to those variants, and monitoring global COVID–19 trends to understand continued risks to the United States. Finally, the long-term health impacts of COVID–19 will continue to require a public health response, including medical services for individuals with "long COVID," and research to understand how COVID–19 impacts future health needs and raises risks for the millions of Americans who have been infected.

Other areas of public health have also been negatively impacted by the COVID–19 pandemic. For example, in one survey in January 2021, over 40 percent of American adults reported symptoms of depression or anxiety, up from 11 percent in the first half of 2019.[26] The proportion of children's emergency department visits related to mental health has also risen noticeably.[27] Similarly, rates of substance misuse and overdose deaths have spiked: Preliminary data from the CDC show a nearly 30 percent increase in drug overdose mortality from September 2019 to September 2020.[28] Stay-at-home orders and other pandemic responses may have also reduced the ability of individuals affected by domestic violence to access services.[29] Finally, some preventative public health measures like childhood vaccinations have been deferred and potentially forgone.[30]

While the pandemic affected communities across the country, it disproportionately impacted some demographic groups and exacerbated health inequities along racial, ethnic, and socioeconomic lines.[31] The CDC has found that racial and ethnic minorities are at increased risk for infection, hospitalization, and death from COVID–19, with Hispanic or Latino and Native American or Alaska Native patients at highest risk.[32]

Similarly, low-income and socially vulnerable communities have seen 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, as of May 2021.[33] Counties with high social vulnerability, as measured by factors such as poverty and educational attainment, have also fared more poorly than the national average, with 211 deaths per 100,000 as of May 2021.[34]

[23] Centers for Disease Control and Prevention, COVID Data Tracker: Trends in Number of COVID–19 Cases and Deaths in the US Reported to CDC, by State/Territory, *https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases* (last visited May 8, 2021).

[24] *Id.*

[25] Centers for Disease Control and Prevention, COVID Data Tracker: COVID–19 Vaccinations in the United States, *https://covid.cdc.gov/covid-data-tracker/#vaccinations* (last visited May 8, 2021).

[26] Panchal, *supra* note 4; Mark É. Czeisler et al., Mental Health, Substance Abuse, and Suicidal Ideation During COVID–19 Pandemic– United States, June 24–30 2020, Morb. Mortal. Wkly. Rep. 69(32):1049–57 (Aug. 14, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6932a1.htm.*

[27] Leeb, *supra* note 4.

[28] Centers for Disease Prevention and Control, National Center for Health Statistics, Provisional Drug Overdose Death Counts, *https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm* (last visited May 8, 2021).

[29] Megan L. Evans, et al., A Pandemic within a Pandemic—Intimate Partner Violence during Covid–19, N. Engl. J. Med. 383:2302–04 (Dec. 10, 2020), *available at https://www.nejm.org/doi/full/10.1056/NEJMp2024046.*

[30] Jeanne M. Santoli et al., Effects of the COVID–19 Pandemic on Routine Pediatric Vaccine Ordering and Administration—United States, Morb. Mortal. Wkly. Rep. 69(19):591–93 (May 8, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6919e2.htm;* Marisa Langdon-Embry et al., Notes from the Field: Rebound in Routine Childhood Vaccine Administration Following Decline During the COVID–19 Pandemic—New York City, March 1–June 27, 2020, Morb. Mortal. Wkly. Rep. 69(30):999–1001 (Jul. 31 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6930a3.htm.*

[31] Office of the White House, National Strategy for the COVID–19 Response and Pandemic Preparedness (Jan. 21, 2021), *https://www.whitehouse.gov/wp-content/uploads/2021/01/National-Strategy-for-the-COVID-19-Response-and-Pandemic-Preparedness.pdf.*

[32] In a study of 13 states from October to December 2020, the CDC found that Hispanic or Latino and Native American or Alaska Native individuals were 1.7 times more likely to visit an emergency room for COVID–19 than White individuals, and Black individuals were 1.4 times more likely to do so than White individuals. *See* Romano, *supra* note 10.

[33] Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID–19 Cases and Deaths in the United States, by County-level Population Factors, *https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths* (last visited May 8, 2021).

[34] The CDC's Social Vulnerability Index includes fifteen variables measuring social vulnerability, including unemployment, poverty, education levels, single-parent households, disability status, non-English speaking households, crowded housing, and transportation access.

Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID–19 Cases

Continued

Over the last year, Native Americans have experienced more than one and a half times the rate of COVID–19 infections, more than triple the rate of hospitalizations, and more than double the death rate compared to White Americans.[35] Low-income and minority communities also exhibit higher rates of pre-existing conditions that may contribute to an increased risk of COVID–19 mortality.[36]

In addition, individuals living in low-income communities may have had more limited ability to socially distance or to self-isolate when ill, resulting in faster spread of the virus, and were over-represented among essential workers, who faced greater risk of exposure.[37] Social distancing measures in response to the pandemic may have also exacerbated pre-existing public health challenges. For example, for children living in homes with lead paint, spending substantially more time at home raises the risk of developing elevated blood lead levels, while screenings for elevated blood lead levels declined during the pandemic.[38] The combination of these underlying social and health vulnerabilities may have contributed to more severe public health outcomes of the pandemic within these communities, resulting in an exacerbation of pre-existing disparities in health outcomes.[39]

Eligible Public Health Uses. The Fiscal Recovery Funds provide resources to meet and address these emergent public health needs, including through measures to counter the spread of COVID–19, through the provision of care for those impacted by the virus, and through programs or services that address disparities in public health that have been exacerbated by the pandemic. To facilitate implementation and use of payments from the Fiscal Recovery Funds, the interim final rule identifies a non-exclusive list of eligible uses of funding to respond to the COVID–19 public health emergency. Eligible uses listed under this section build and expand upon permissible expenditures under the CRF, while recognizing the differences between the ARPA and CARES Act, and recognizing that the response to the COVID–19 public health emergency has changed and will continue to change over time. To assess whether additional uses would be eligible under this category, recipients should identify an effect of COVID–19 on public health, including either or both of immediate effects or effects that may manifest over months or years, and assess how the use would respond to or address the identified need.

The interim final rule identifies a non-exclusive list of uses that address the effects of the COVID–19 public health emergency, including:

- *COVID–19 Mitigation and Prevention.* A broad range of services and programming are needed to contain COVID–19. Mitigation and prevention efforts for COVID–19 include vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (*e.g.*, monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (*e.g.*, nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools;[40] ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses.[41] They also include capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics. These COVID–19 prevention and mitigation programs and services, among others, were eligible expenditures under the CRF and are eligible uses under this category of eligible uses for the Fiscal Recovery Funds.[42]
- *Medical Expenses.* The COVID–19 public health emergency continues to have devastating effects on public health; the United States continues to average hundreds of deaths per day and the spread of new COVID–19 variants has raised new risks and genomic surveillance needs.[43] Moreover, our understanding of the potentially serious and long-term effects of the virus is growing, including the potential for symptoms like shortness of breath to continue for weeks or months, for multi-organ impacts from COVID–19, or for post-intensive care syndrome.[44] State and local governments may need to continue to provide care and services to address these near- and longer-term needs.[45]

and Deaths in the United States, by Social Vulnerability Index, *https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths* (last visited May 8, 2021).

[35] Centers for Disease Control and Prevention, Risk for COVID–19 Infection, Hospitalization, and Death By Race/Ethnicity, *https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html* (last visited Apr. 26, 2021).

[36] *See, e.g.,* Centers for Disease Control and Prevention, Risk of Severe Illness or Death from COVID–19 (Dec. 10, 2020), *https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/disparities-illness.html* (last visited Apr. 26, 2021).

[37] Milena Almagro et al., Racial Disparities in Frontline Workers and Housing Crowding During COVID–19: Evidence from Geolocation Data (Sept. 22, 2020), NYU Stern School of Business (forthcoming), *available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3695249;* Grace McCormack et al., Economic Vulnerability of Households with Essential Workers, JAMA 324(4):388–90 (2020), *available at https://jamanetwork.com/journals/jama/fullarticle/2767630.*

[38] *See, e.g.,* Joseph G. Courtney et al., Decreases in Young Children Who Received Blood Lead Level Testing During COVID–19—34 Jurisdictions, January–May 2020, Morb. Mort. Wkly. Rep. 70(5):155–61 (Feb. 5, 2021), *https://www.cdc.gov/mmwr/volumes/70/wr/mm7005a2.htm;* Emily A. Benfer & Lindsay F. Wiley, Health Justice Strategies to Combat COVID–19: Protecting Vulnerable Communities During a Pandemic, Health Affairs Blog (Mar. 19, 2020), *https://www.healthaffairs.org/do/10.1377/hblog20200319.757883/full/.*

[39] *See, e.g.,* Centers for Disease Control and Prevention, *supra* note 34; Benfer & Wiley, *supra* note 38; Nathaniel M. Lewis et al., Disparities in COVID–19 Incidence, Hospitalizations, and Testing, by Area-Level Deprivation—Utah, March 3–July 9, 2020, Morb. Mortal. Wkly. Rep. 69(38):1369–73 (Sept. 25, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6938a4.htm.*

[40] This includes implementing mitigation strategies consistent with the Centers for Disease Control and Prevention's (CDC) Operational Strategy for K–12 Schools through Phased Prevention, *available at https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/operation-strategy.html.*

[41] Many of these expenses were also eligible in the CRF. Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID–19 will continue to be eligible under the ARPA, including those not explicitly listed here (*e.g.,* telemedicine costs, costs to facilitate compliance with public health orders, disinfection of public areas, facilitating distance learning, increased solid waste disposal needs related to PPE, paid sick and paid family and medical leave to public employees to enable compliance with COVID–19 public health precautions), with the following two exceptions: (1) The standard for eligibility of public health and safety payrolls has been updated (see section II.A of this **SUPPLEMENTARY INFORMATION**) and (2) expenses related to the issuance of tax-anticipation notes are no longer an eligible funding use (see discussion of debt service in section II.B of this **SUPPLEMENTARY INFORMATION**).

[42] Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments, 86 FR 4182 (Jan. 15, 2021), *available at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf.*

[43] Centers for Disease Control and Prevention, *supra* note 24.

[44] Centers for Disease Control and Prevention, Long-Term Effects (Apr. 8, 2021), *https://www.cdc.gov/coronavirus/2019-ncov/long-term-effects.html* (last visited Apr. 26, 2021).

[45] Pursuant to 42 CFR 433.51 and 45 CFR 75.306, Fiscal Recovery Funds may not serve as a State or locality's contribution of certain Federal funds.

• *Behavioral Health Care.* In addition, new or enhanced State, local, and Tribal government services may be needed to meet behavioral health needs exacerbated by the pandemic and respond to other public health impacts. These services include mental health treatment, substance misuse treatment, other behavioral health services, hotlines or warmlines, crisis intervention, overdose prevention, infectious disease prevention, and services or outreach to promote access to physical or behavioral health primary care and preventative medicine.

• *Public Health and Safety Staff.* Treasury recognizes that responding to the public health and negative economic impacts of the pandemic, including administering the services described above, requires a substantial commitment of State, local, and Tribal government human resources. As a result, the Fiscal Recovery Funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, to the extent that their services are devoted to mitigating or responding to the COVID–19 public health emergency.[46] Accordingly, the Fiscal Recovery Funds may be used to support the payroll and covered benefits for the portion of the employee's time that is dedicated to responding to the COVID–19 public health emergency. For administrative convenience, the recipient may consider public health and safety employees to be entirely devoted to mitigating or responding to the COVID–19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID–19 public health emergency. Recipients may consider other presumptions for assessing the extent to which an employee, division, or operating unit is engaged in activities that respond to the COVID–19 public health emergency, provided that the recipient reassesses periodically and maintains records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID–19 response. Recipients need not routinely track staff hours.

• *Expenses to Improve the Design and Execution of Health and Public Health Programs.* State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to engage in planning and analysis in order to improve programs addressing the COVID–19 pandemic, including through use of targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis.

Eligible Uses to Address Disparities in Public Health Outcomes. In addition, in recognition of the disproportionate impacts of the COVID–19 pandemic on health outcomes in low-income and Native American communities and the importance of mitigating these effects, the interim final rule identifies a broader range of services and programs that will be presumed to be responding to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services, outlined below, are eligible uses when provided in a Qualified Census Tract (QCT),[47] to families living in QCTs, or when these services are provided by Tribal governments.[48] Recipients may also provide these services to other populations, households, or geographic areas that are disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served.

Given the exacerbation of health disparities during the pandemic and the role of pre-existing social vulnerabilities in driving these disparate outcomes, services to address health disparities are presumed to be responsive to the public health impacts of the pandemic. Specifically, recipients may use payments from the Fiscal Recovery Funds to facilitate access to resources that improve health outcomes, including services that connect residents with health care resources and public assistance programs and build healthier environments, such as:

• Funding community health workers to help community members access health services and services to address the social determinants of health;[49]

• Funding public benefits navigators to assist community members with navigating and applying for available Federal, State, and local public benefits or services;

• Housing services to support healthy living environments and neighborhoods conducive to mental and physical wellness;

• Remediation of lead paint or other lead hazards to reduce risk of elevated blood lead levels among children; and

• Evidence-based community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic.[50]

2. Responding to Negative Economic Impacts

Impacts on Households and Individuals. The public health emergency, including the necessary measures taken to protect public health, resulted in significant economic and financial hardship for many Americans. As businesses closed, consumers stayed home, schools shifted to remote

[46] In general, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds. For purposes of the Fiscal Recovery Funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (Federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).

[47] Qualified Census Tracts are a common, readily-accessible, and geographically granular method of identifying communities with a large proportion of low-income residents. Using an existing measure may speed implementation and decrease administrative burden, while identifying areas of need at a highly-localized level.

While QCTs are an effective tool generally, many tribal communities have households with a wide range of income levels due in part to non-tribal member, high income residents living in the community. Mixed income communities, with a significant share of tribal members at the lowest levels of income, are often not included as eligible QCTs yet tribal residents are experiencing disproportionate impacts due to the pandemic. Therefore, including all services provided by Tribal governments is a more effective means of ensuring that disproportionately impacted Tribal members can receive services.

[48] U.S. Department of Housing and Urban Development (HUD), Qualified Census Tracts and Difficult Development Areas, *https://www.huduser.gov/portal/datasets/qct.html* (last visited Apr. 26, 2021); U.S. Department of the Interior, Bureau of Indian Affairs, Indian Lands of Federally Recognized Tribes of the United States (June 2016), *https://www.bia.gov/sites/bia.gov/files/assets/bia/ots/webteam/pdf/idc1-028635.pdf* (last visited Apr. 26, 2021).

[49] The social determinants of health are the social and environmental conditions that affect health outcomes, specifically economic stability, health care access, social context, neighborhoods and built environment, and education access. *See, e.g.,* U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, Healthy People 2030: Social Determinants of Health, *https://health.gov/healthypeople/objectives-and-data/social-determinants-health* (last visited Apr. 26, 2021).

[50] National Commission on COVID–19 and Criminal Justice, Impact Report: COVID–19 and Crime (Jan. 31, 2021), *https://covid19.councilonj.org/2021/01/31/impact-report-covid-19-and-crime-3/* (showing a spike in homicide and assaults); Brad Boesrup et al., Alarming Trends in US domestic violence during the COVID–19 pandemic, Am. J. of Emerg. Med. 38(12): 2753–55 (Dec. 1, 2020), *available at https://www.ajemjournal.com/article/S0735-6757(20)30307-7/fulltext* (showing a spike in domestic violence).

education, and travel declined precipitously, over 20 million jobs were lost in March and April 2020.[51] Although many have returned to work, as of April 2021, the economy remains 8.2 million jobs below its pre-pandemic peak,[52] and more than 3 million workers have dropped out of the labor market altogether relative to February 2020.[53]

Rates of unemployment are particularly severe among workers of color and workers with lower levels of educational attainment; for example, the overall unemployment rate in the United States was 6.1 percent in April 2021, but certain groups saw much higher rates: 9.7 percent for Black workers, 7.9 percent for Hispanic or Latino workers, and 9.3 percent for workers without a high school diploma.[54] Job losses have also been particularly steep among low wage workers, with these workers remaining furthest from recovery as of the end of 2020.[55] A severe recession—and its concentrated impact among low-income workers—has amplified food and housing insecurity, with an estimated nearly 17 million adults living in households where there is sometimes or often not enough food to eat and an estimated 10.7 million adults living in households that were not current on rent.[56] Over the course of the pandemic, inequities also manifested along gender lines, as schools closed to in-person activities, leaving many working families without child care during the day.[57] Women of color have been hit especially hard: The labor force participation rate for Black women has fallen by 3.2 percentage points[58] during the pandemic as compared to 1.0 percentage points for Black men[59] and 2.0 percentage points for White women.[60]

As the economy recovers, the effects of the pandemic-related recession may continue to impact households, including a risk of longer-term effects on earnings and economic potential. For example, unemployed workers, especially those who have experienced longer periods of unemployment, earn lower wages over the long term once rehired.[61] In addition to the labor market consequences for unemployed workers, recessions can also cause longer-term economic challenges through, among other factors, damaged consumer credit scores[62] and reduced familial and childhood wellbeing.[63] These potential long-term economic consequences underscore the continued need for robust policy support.

Impacts on Businesses. The pandemic has also severely impacted many businesses, with small businesses hit especially hard. Small businesses make up nearly half of U.S. private-sector employment[64] and play a key role in supporting the overall economic recovery as they are responsible for two-thirds of net new jobs.[65] Since the beginning of the pandemic, however, 400,000 small businesses have closed, with many more at risk.[66] Sectors with a large share of small business employment have been among those with the most drastic drops in employment.[67] The negative outlook for small businesses has continued: As of April 2021, approximately 70 percent of small businesses reported that the pandemic has had a moderate or large negative effect on their business, and over a third expect that it will take over 6 months for their business to return to their normal level of operations.[68]

This negative outlook is likely the result of many small businesses having faced periods of closure and having seen declining revenues as customers stayed home.[69] In general, small businesses can face greater hurdles in accessing credit,[70] and many small businesses were already financially fragile at the outset of the pandemic.[71] Non-profits, which provide vital services to communities, have similarly faced

[51] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm (PAYEMS), retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/PAYEMS* (last visited May 8, 2021).

[52] *Id.*

[53] U.S. Bureau of Labor Statistics, Civilian Labor Force Level [CLF16OV], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CLF16OV* (last visited May 8, 2021).

[54] U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian population by sex and age (May 8 2021), *https://www.bls.gov/news.release/empsit.t01.htm* (last visited May 8, 2021); U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian noninstitutional population by race, Hispanic or Latino ethnicity, sex, and age (May 8, 2021), *https://www.bls.gov/web/empsit/cpseea04.htm* (last visited May 8, 2021); U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian noninstitutional population 25 years and over by educational attainment (May 8, 2021), *https://www.bls.gov/web/empsit/cpseea05.htm* (last visited May 8, 2021).

[55] Elise Gould & Jori Kandra, Wages grew in 2020 because the bottom fell out of the low-wage labor market, Economic Policy Institute (Feb. 24, 2021), *https://files.epi.org/pdf/219418.pdf. See also,* Michael Dalton et al., The K-Shaped Recovery: Examining the Diverging Fortunes of Workers in the Recovery from the COVID–19 Pandemic using Business and Household Survey Microdata, U.S. Bureau of Labor Statistics Working Paper Series (Feb. 2021), *https://www.bls.gov/osmr/research-papers/2021/pdf/ec210020.pdf.*

[56] Center on Budget and Policy Priorities, Tracking the COVID–19 Recession's Effects on Food, Housing, and Employment Hardships, *https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and* (last visited May 8, 2021).

[57] Women have carried a larger share of childcare responsibilities than men during the COVID–19 crisis. *See, e.g.,* Gema Zamarro & María J. Prados, Gender differences in couples' division of childcare, work and mental health during COVID–19, Rev. Econ. Household 19:11–40 (2021), *available at https://link.springer.com/article/10.1007/s11150-020-09534-7;* Titan Alon et al., The Impact of COVID–19 on Gender Equality, National Bureau of Economic Research Working Paper 26947 (April 2020), *available at https://www.nber.org/papers/w26947.*

[58] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, Black or African American Women [LNS11300032], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300032* (last visited May 8, 2021).

[59] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, Black or African American Men [LNS11300031], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300031* (last visited May 8, 2021).

[60] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, White Women [LNS11300029], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300029* (last visited May 8, 2021).

[61] *See, e.g.,* Michael Greenstone & Adam Looney, Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers, Brookings Institution (Nov. 4, 2021), *https://www.brookings.edu/blog/jobs/2011/11/04/unemployment-and-earnings-losses-a-look-at-long-term-impacts-of-the-great-recession-on-american-workers/.*

[62] Chi Chi Wu, Solving the Credit Conundrum: Helping Consumers' Credit Records Impaired by the Foreclosure Crisis and Great Recession (Dec. 2013), *https://www.nclc.org/images/pdf/credit_reports/report-credit-conundrum-2013.pdf.*

[63] Irwin Garfinkel, Sara McLanahan, Christopher Wimer, eds., Children of the Great Recession, Russell Sage Foundation (Aug. 2016), *available at https://www.russellsage.org/publications/children-great-recession.*

[64] Board of Governors of the Federal Reserve System, *supra* note 5.

[65] U.S. Small Business Administration, Office of Advocacy, Small Businesses Generate 44 Percent of U.S. Economic Activity (Jan. 30, 2019), *https://advocacy.sba.gov/2019/01/30/small-businesses-generate-44-percent-of-u-s-economic-activity/.*

[66] Biden, *supra* note 6.

[67] Daniel Wilmoth, U.S. Small Business Administration Office of Advocacy, The Effects of the COVID–19 Pandemic on Small Businesses, Issue Brief No. 16 (Mar. 2021), *available at https://cdn.advocacy.sba.gov/wp-content/uploads/2021/03/02112318/COVID-19-Impact-On-Small-Business.pdf.*

[68] U.S. Census Bureau, Small Business Pulse Survey, *https://portal.census.gov/pulse/data/* (last visited May 8, 2021).

[69] Olivia S. Kim et al., Revenue Collapses and the Consumption of Small Business Owners in the Early Stages of the COVID–19 Pandemic (Nov. 2020), *https://www.nber.org/papers/w28151.*

[70] *See e.g.,* Board of Governors of the Federal Reserve System, Report to Congress on the Availability of Credit to Small Businesses (Sept. 2017), *available at https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm.*

[71] Alexander W. Bartik et al., The Impact of COVID–19 on small business outcomes and expectations, PNAS 117(30): 17656–66 (July 28, 2020), *available at https://www.pnas.org/content/117/30/17656.*

economic and financial challenges due to the pandemic.[72]

Impacts to State, Local, and Tribal Governments. State, local, and Tribal governments have felt substantial fiscal pressures. As noted above, State, local, and Tribal governments have faced significant revenue shortfalls and remain over 1 million jobs below their pre-pandemic staffing levels.[73] These reductions in staffing may undermine the ability to deliver services effectively, as well as add to the number of unemployed individuals in their jurisdictions.

Exacerbation of Pre-existing Disparities. The COVID–19 public health emergency may have lasting negative effects on economic outcomes, particularly in exacerbating disparities that existed prior to the pandemic.

The negative economic impacts of the COVID–19 pandemic are particularly pronounced in certain communities and families. Low- and moderate-income jobs make up a substantial portion of both total pandemic job losses,[74] and jobs that require in-person frontline work, which are exposed to greater risk of contracting COVID–19.[75] Both factors compound pre-existing vulnerabilities and the likelihood of food, housing, or other financial insecurity in low- and moderate-income families and, given the concentration of low- and moderate-income families within certain communities,[76] raise a substantial risk that the effects of the COVID–19 public health emergency will be amplified within these communities.

These compounding effect of recessions on concentrated poverty and the long-lasting nature of this effect were observed after the 2007–2009 recession, including a large increase in concentrated poverty with the number of people living in extremely poor neighborhoods more than doubling by 2010–2014 relative to 2000.[77] Concentrated poverty has a range of deleterious impacts, including additional burdens on families and reduced economic potential and social cohesion.[78] Given the disproportionate impact of COVID–19 on low-income households discussed above, there is a risk that the current pandemic-induced recession could further increase concentrated poverty and cause long-term damage to economic prospects in neighborhoods of concentrated poverty.

The negative economic impacts of COVID–19 also include significant impacts to children in disproportionately affected families and include impacts to education, health, and welfare, all of which contribute to long-term economic outcomes.[79] Many low-income and minority students, who were disproportionately served by remote or hybrid education during the pandemic, lacked the resources to participate fully in remote schooling or live in households without adults available throughout the day to assist with online coursework.[80] Given these trends, the pandemic may widen educational disparities and worsen outcomes for low-income students,[81] an effect that would substantially impact their long-term economic outcomes. Increased economic strain or material hardship due to the pandemic could also have a long-term impact on health, educational, and economic outcomes of young children.[82] Evidence suggests that adverse conditions in early childhood, including exposure to poverty, food insecurity, housing insecurity, or other economic hardships, are particularly impactful.[83]

The pandemic's disproportionate economic impacts are also seen in Tribal communities across the country—for Tribal governments as well as families and businesses on and off Tribal lands. In the early months of the pandemic, Native American unemployment spiked to 26 percent and, while partially recovered, remains at nearly 11 percent.[84] Tribal enterprises are a significant source of revenue for Tribal governments to support the provision of government services. These enterprises, notably concentrated in gaming, tourism, and hospitality, frequently closed, significantly reducing both revenues to Tribal governments and employment. As a result, Tribal governments have reduced essential services to their citizens and communities.[85]

Eligible Uses. Sections 602(c)(1)(A) and 603(c)(1)(A) permit use of payments from the Fiscal Recovery Funds to respond to the negative economic impacts of the COVID–19 public health emergency. Eligible uses that respond to the negative economic impacts of the public health emergency must be designed to address an economic harm resulting from or exacerbated by the public health emergency. In considering whether a program or service would be

[72] Federal Reserve Bank of San Francisco, Impacts of COVID–19 on Nonprofits in the Western United States (May 2020), *https://www.frbsf.org/community-development/files/impact-of-covid-nonprofits-serving-western-united-states.pdf.*

[73] Bureau of Labor Statistics, *supra* note 8; Elijah Moreno & Heather Sobrepena, Tribal entities remain resilient as COVID–19 batters their finances, Federal Reserve Bank of Minneapolis (Nov. 10, 2021), *https://www.minneapolisfed.org/article/2020/tribal-entities-remain-resilient-as-covid-19-batters-their-finances.*

[74] Kim Parker et al., Economic Fallout from COVID–19 Continues to Hit Lower-Income Americans the Hardest, Pew Research Center (Sept. 24, 2020), *https://www.pewresearch.org/social-trends/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/;* Gould, *supra* note 55.

[75] *See infra* Section II.B of this Supplementary Information.

[76] Elizabeth Kneebone, The Changing geography of US poverty, Brookings Institution (Feb. 15, 2017), *https://www.brookings.edu/testimonies/the-changing-geography-of-us-poverty/.*

[77] Elizabeth Kneebone & Natalie Holmes, U.S. concentrated poverty in the wake of the Great Recession, Brookings Institution (Mar. 31, 2016), *https://www.brookings.edu/research/u-s-concentrated-poverty-in-the-wake-of-the-great-recession/.*

[78] David Erickson et al., The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S. (2008), *available at https://www.frbsf.org/community-development/files/cp_fullreport.pdf.*

[79] Educational quality, as early as Kindergarten, has a long-term impact on children's public health and economic outcomes. *See, e.g.,* Tyler W. Watts et al., The Chicago School Readiness Project: Examining the long-term impacts of an early childhood intervention, PLoS ONE 13(7) (2018), *available at https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0200144;* Opportunity Insights, How Can We Amplify Education as an Engine of Mobility? Using big data to help children get the most from school, *https://opportunityinsights.org/education/* (last visited Apr. 26, 2021); U.S. Department of Health and Human Services (HHS), Office of Disease Prevention and Health Promotion, Early Childhood Development and Education, *https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/early-childhood-development-and-education* (last visited Apr. 26, 2021).

[80] *See, e.g.,* Bacher-Hicks, *supra* note 14.

[81] A Department of Education survey found that, as of February 2021, 42 percent of fourth grade students nationwide were offered only remote education, compared to 48 percent of economically disadvantaged students, 54 percent of Black students and 57 percent of Hispanic students. Large districts often disproportionately serve low-income students. *See* Institute of Education Sciences, Monthly School Survey Dashboard, *https://ies.ed.gov/schoolsurvey/* (last visited Apr. 26, 2021). In summer 2020, a review found that 74 percent of the largest 100 districts chose remote learning only. *See* Education Week, School Districts' Reopening Plans: A Snapshot (Jul. 15, 2020), *https://www.edweek.org/leadership/school-districts-reopening-plans-a-snapshot/2020/07* (last visited May 4, 2021).

[82] HHS, *supra* note 79.

[83] Hirokazu Yoshikawa, Effects of the Global Coronavirus Disease—2019 Pandemic on Early Childhood Development: Short- and Long-Term Risks and Mitigating Program and Policy Actions, J. of Pediatrics Vol. 223:188–93 (Aug. 1, 2020), *available at https://www.jpeds.com/article/S0022-3476(20)30606-5/abstract.*

[84] Based on calculations conducted by the Minneapolis Fed's Center for Indian Country Development using Flood et al. (2020)'s Current Population Survey.'' Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 8.0 [dataset]. Minneapolis, MN: IPUMS, 2020. *https://doi.org/10.18128/D030.V8.0; see also* Donna Feir & Charles Golding, Native Employment During COVID–19: Hard hit in April but Starting to Rebound? (Aug. 5, 2020), *https://www.minneapolisfed.org/article/2020/native-employment-during-covid-19-hit-hard-in-april-but-starting-to-rebound.*

[85] Moreno & Sobrepena, *supra* note 73.

eligible under this category, the recipient should assess whether, and the extent to which, there has been an economic harm, such as loss of earnings or revenue, that resulted from the COVID–19 public health emergency and whether, and the extent to which, the use would respond or address this harm.[86] A recipient should first consider whether an economic harm exists and whether this harm was caused or made worse by the COVID–19 public health emergency. While economic impacts may either be immediate or delayed, 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.

In addition, the eligible use must "respond to" the identified negative economic impact. Responses must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Where there has been a negative economic impact resulting from the public health emergency, States, local, and Tribal governments have broad latitude to choose whether and how to use the Fiscal Recovery Funds to respond to and address the negative economic impact. Sections 602(c)(1)(A) and 603(c)(1)(A) describe several types of uses that would be eligible under this category, including assistance to households, small businesses, and nonprofits and aid to impacted industries such as tourism, travel, and hospitality.

To facilitate implementation and use of payments from the Fiscal Recovery Funds, the interim final rule identifies a non-exclusive list of eligible uses of funding that respond to the negative economic impacts of the public health emergency. Consistent with the discussion above, the eligible uses listed below would respond directly to the economic or financial harms resulting from and or exacerbated by the public health emergency.

- *Assistance to Unemployed Workers.* This includes assistance to unemployed workers, including services like job training to accelerate rehiring of unemployed workers; these services may extend to workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain so due to the negative economic impacts of the pandemic.
- *State Unemployment Insurance Trust Funds.* Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund established under section 904 of the Social Security Act (42 U.S.C. 1104) up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and May 17, 2021, given the close nexus between Unemployment Trust Fund costs, solvency of Unemployment Trust Fund systems, and pandemic economic impacts. Further, Unemployment Trust Fund deposits can decrease fiscal strain on Unemployment Insurance systems impacted by the pandemic. States facing a sharp increase in Unemployment Insurance claims during the pandemic may have drawn down positive Unemployment Trust Fund balances and, after exhausting the balance, required advances to fund continuing obligations to claimants. Because both of these impacts were driven directly by the need for assistance to unemployed workers during the pandemic, replenishing Unemployment Trust Funds up to the pre-pandemic level responds to the pandemic's negative economic impacts on unemployed workers.
- *Assistance to Households.* Assistance to households or populations facing negative economic impacts due to COVID–19 is also an eligible use. This includes: Food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance (discussed below); 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. As discussed above, in considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. 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. For example, a cash transfer program may focus on unemployed workers or low- and moderate-income families, which have faced disproportionate economic harms due to the pandemic. 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 the appropriate size of permissible cash transfers made in response to the COVID–19 public health emergency, State, local and Tribal governments may consider and take guidance from the per person amounts previously provided by the Federal Government in response to the COVID–19 crisis. Cash transfers that are grossly in excess of such amounts would be outside the scope of eligible uses under sections 602(c)(1)(A) and 603(c)(1)(A) and could be subject to recoupment. In addition, a recipient could provide survivor's benefits to surviving family members of COVID–19 victims, or cash assistance to widows, widowers, and dependents of eligible COVID–19 victims.
- *Expenses to Improve Efficacy of Economic Relief Programs.* State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations.
- *Small Businesses and Non-profits.* As discussed above, small businesses and non-profits faced significant challenges in covering payroll, mortgages or rent, and other operating costs as a result of the public health emergency and measures taken to contain the spread of the virus. State, local, and Tribal governments may provide assistance to small businesses to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID–19 public health emergency, including:
  - 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

[86] In some cases, a use may be permissible under another eligible use category even if it falls outside the scope of section (c)(1)(A) of the Act.

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.

As discussed above, these services should respond to the negative economic impacts of COVID–19. Recipients may consider additional criteria to target assistance to businesses in need, including small businesses. Such criteria may include businesses facing financial insecurity, substantial declines in gross receipts (*e.g.*, comparable to measures used to assess eligibility for the Paycheck Protection Program), or 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. Recipients should consider local economic conditions and business data when establishing such criteria.[87]

• *Rehiring State, Local, and Tribal Government Staff.* State, local, and Tribal governments continue to see pandemic impacts in overall staffing levels: State, local, and Tribal government employment remains more than 1 million jobs lower in April 2021 than prior to the pandemic.[88] Employment losses decrease a state or local government's ability to effectively administer services. Thus, the interim final rule includes as an eligible use payroll, covered benefits, and other costs associated with rehiring public sector staff, up to the pre-pandemic staffing level of the government.

• *Aid to Impacted Industries.* Sections 602(c)(1)(A) and 603(c)(1)(A) recognize that certain industries, such as tourism, travel, and hospitality, were disproportionately and negatively impacted by the COVID–19 public health emergency. Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic on those and similarly impacted industries. For example, aid may include assistance to implement COVID–19 mitigation and infection prevention measures to enable safe resumption of tourism, travel, and hospitality services, for example, improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans.

Aid may be considered responsive to the negative economic impacts of the pandemic if it supports businesses, attractions, business districts, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel, and hospitality industries and to business districts that were closed during the COVID–19 public health emergency, as well as aid for a planned expansion or upgrade of tourism, travel, and hospitality facilities delayed due to the pandemic.

When considering providing aid to industries other than tourism, travel, and hospitality, recipients should consider the extent of the economic impact as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, on net, the leisure and hospitality industry has experienced an approximately 24 percent decline in revenue and approximately 17 percent decline in employment nationwide due to the COVID–19 public health emergency.[89] 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.

To facilitate transparency and accountability, the interim final rule requires that State, local, and Tribal governments publicly report assistance provided to private-sector businesses under this eligible use, including tourism, travel, hospitality, and other impacted industries, and its connection to negative economic impacts of the pandemic. Recipients also 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.

As discussed above, economic disparities that existed prior to the COVID–19 public health emergency amplified the impact of the pandemic among low-income and minority groups. These families were more likely to face housing, food, and financial insecurity; are over-represented among low-wage workers; and many have seen their livelihoods deteriorate further during the pandemic and economic contraction. In recognition of the disproportionate negative economic impacts on certain communities and populations, the interim final rule identifies services and programs that will be presumed to be responding to the negative economic impacts of the COVID–19 public health emergency when provided in these communities.

Specifically, Treasury will presume that certain types of services, outlined below, are eligible uses when provided in a QCT, to families and individuals living in QCTs, or when these services are provided by Tribal governments.[90] Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served. The interim final rule identifies a non-exclusive list of uses that address the disproportionate negative economic effects of the COVID–19 public health emergency, including:

○ *Building Stronger Communities through Investments in Housing and Neighborhoods.* The economic impacts of COVID–19 have likely been most acute in lower-income neighborhoods, including concentrated areas of high unemployment, limited economic opportunity, and housing insecurity.[91]

[87] *See* Federal Reserve Bank of Cleveland, An Uphill Battle: COVID–19's Outsized Toll on Minority-Owned Firms (Oct. 8, 2020), *https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20201008-misera-report.aspx* (discussing the impact of COVID–19 on minority owned businesses).

[88] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited May 8, 2021).

[89] From February 2020 to April 2021, employment in "Leisure and hospitality" has fallen by approximately 17 percent. *See* U.S. Bureau of Labor Statistics, All Employees, Leisure and Hospitality, retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/USLAH* (last visited May 8, 2021). From 2019Q4 to 2020Q4, gross output (*e.g.* revenue) in arts, entertainment, recreation, accommodation, and food services has fallen by approximately 24 percent. *See* Bureau of Economic Analysis, News Release: Gross Domestic Product (Third Estimate), Corporate Profits, and GDP by Industry, Fourth Quarter and Year 2020 (Mar. 25, 2021), Table 17, *https://www.bea.gov/sites/default/files/2021-03/gdp4q20_3rd.pdf.*

[90] HUD, *supra* note 48.

[91] Stuart M. Butler & Jonathan Grabinsky, Tackling the legacy of persistent urban inequality and concentrated poverty, Brookings Institution (Nov. 16, 2020), *https://www.brookings.edu/blog/up-front/2020/11/16/tackling-the-legacy-of-*

Continued

Services in this category alleviate the immediate economic impacts of the COVID–19 pandemic on housing insecurity, while addressing conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor-quality housing.[92] Eligible services include:

- Services to address homelessness such as supportive housing, and to improve access to stable, affordable housing among unhoused individuals;
- Affordable housing development to increase supply of affordable and high-quality living units; and
- Housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents, to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity.[93]

○ *Addressing Educational Disparities.* As outlined above, school closures and the transition to remote education raised particular challenges for lower-income students, potentially exacerbating educational disparities, while increases in economic hardship among families could have long-lasting impacts on children's educational and economic prospects. Services under this prong would enhance educational supports to help mitigate impacts of the pandemic. Eligible services include:

- New, expanded, or enhanced early learning services, including pre-kindergarten, Head Start, or partnerships between pre-kindergarten programs and local education authorities, or administration of those services;
- Providing assistance to high-poverty school districts to advance equitable funding across districts and geographies;
- Evidence-based educational services and practices to address the academic needs of students, including tutoring, summer, afterschool, and other extended learning and enrichment programs; and
- Evidence-based practices to address the social, emotional, and mental health needs of students;

○ *Promoting Healthy Childhood Environments.* Children's economic and family circumstances have a long-term impact on their future economic outcomes.[94] Increases in economic hardship, material insecurity, and parental stress and behavioral health challenges all raise the risk of long-term harms to today's children due to the pandemic. Eligible services to address this challenge include:

- New or expanded high-quality childcare to provide safe and supportive care for children;
- Home visiting programs to provide structured visits from health, parent educators, and social service professionals to pregnant women or families with young children to offer education and assistance navigating resources for economic support, health needs, or child development; and
- Enhanced services for child welfare-involved families and foster youth to provide support and training on child development, positive parenting, coping skills, or recovery for mental health and substance use challenges.

State, local, and Tribal governments are encouraged to use payments from the Fiscal Recovery Funds to respond to the direct and immediate needs of the pandemic and its negative economic impacts and, in particular, the needs of households and businesses that were disproportionately and negatively impacted by the public health emergency. As highlighted above, low-income communities and workers and people of color have faced more severe health and economic outcomes during the pandemic, with pre-existing social vulnerabilities like low-wage or insecure employment, concentrated neighborhoods with less economic opportunity, and pre-existing health disparities likely contributing to the magnified impact of the pandemic. The Fiscal Recovery Funds provide resources to not only respond to the immediate harms of the pandemic but also to mitigate its longer-term impact in compounding the systemic public health and economic challenges of disproportionately impacted populations. Treasury encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.

Uses Outside the Scope of this Category. Certain uses would not be within the scope of this eligible use category, although may be eligible under other eligible use categories. A general infrastructure project, for example, typically would not be included unless the project responded to a specific pandemic public health need (*e.g.,* investments in facilities for the delivery of vaccines) or a specific negative economic impact like those described above (*e.g.,* affordable housing in a QCT). The ARPA explicitly includes infrastructure if it is "necessary" and in water, sewer, or broadband. *See* Section II.D of this **SUPPLEMENTARY INFORMATION.** State, local, and Tribal governments also may use the Fiscal Recovery Funds under sections 602(c)(1)(C) or 603(c)(1)(C) to provide "government services" broadly to the extent of their reduction in revenue. *See* Section II.C of this **SUPPLEMENTARY INFORMATION.**

This category of eligible uses also would not include contributions to rainy day funds, financial reserves, or similar funds. Resources made available under this eligible use category are intended to help meet pandemic response needs and provide relief for households and businesses facing near- and long-term negative economic impacts. Contributions to rainy day funds and similar financial reserves would not address these needs or respond to the COVID–19 public health emergency but would rather constitute savings for future spending needs. Similarly, this eligible use category would not include payment of interest or principal on outstanding debt instruments, including, for example, short-term revenue or tax anticipation notes, or other debt service costs. As discussed below, payments from the Fiscal Recovery Funds are intended to be used prospectively and the interim final rule precludes use of these funds to cover the costs of debt incurred prior to March 3, 2021. Fees or issuance costs associated with the issuance of new debt would also not be covered using payments from the Fiscal Recovery Funds because such costs would not themselves have been incurred to address the needs of pandemic response or its negative economic impacts. The purpose of the Fiscal Recovery Funds is to provide fiscal relief that will permit State, local, and Tribal governments to continue to respond to the COVID–19 public health emergency.

For the same reasons, this category of eligible uses would not include satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring

persistent-urban-inequality-and-concentrated-poverty/.

[92] U.S. Department of Health and Human Services (HHS), Office of Disease Prevention and Health Promotion, Quality of Housing, *https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/quality-of-housing#11* (last visited Apr. 26, 2021).

[93] The Opportunity Atlas, *https://www.opportunityatlas.org/* (last visited Apr. 26, 2021); Raj Chetty & Nathaniel Hendren, The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects, Quarterly J. of Econ. 133(3):1107–162 (2018), *available at https://opportunityinsights.org/paper/neighborhoodsi/.*

[94] *See* supra notes 52 and 84.

plan in a judicial, administrative, or regulatory proceeding, except to the extent the judgment or settlement requires the provision of services that would respond to the COVID–19 public health emergency. That is, satisfaction of a settlement or judgment would not itself respond to COVID–19 with respect to the public health emergency or its negative economic impacts, unless the settlement requires the provision of services or aid that did directly respond to these needs, as described above.

In addition, as described in Section V.III of this **SUPPLEMENTARY INFORMATION**, Treasury will establish reporting and record keeping requirements for uses within this category, including enhanced reporting requirements for certain types of uses.

Question 1: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the public health impacts of COVID–19? Describe how these respond to the COVID–19 public health emergency.

Question 2: The interim final rule permits coverage of payroll and benefits costs of public health and safety staff primarily dedicated to COVID–19 response, as well as rehiring of public sector staff up to pre-pandemic levels. For how long should these measures remain in place? What other measures or presumptions might Treasury consider to assess the extent to which public sector staff are engaged in COVID–19 response, and therefore reimbursable, in an easily-administrable manner?

Question 3: The interim final rule permits rehiring of public sector staff up to the government's pre-pandemic staffing level, which is measured based on employment as of January 27, 2020. Does this approach adequately measure the pre-pandemic staffing level in a manner that is both accurate and easily administrable? Why or why not?

Question 4: The interim final rule permits deposits to Unemployment Insurance Trust Funds, or using funds to pay back advances, up to the pre-pandemic balance. What, if any, conditions should be considered to ensure that funds repair economic impacts of the pandemic and strengthen unemployment insurance systems?

Question 5: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the negative economic impacts of COVID–19? Describe how these respond to the COVID–19 public health emergency.

Question 6: What other measures, presumptions, or considerations could be used to assess "impacted industries" affected by the COVID–19 public health emergency?

Question 7: What are the advantages and disadvantages of using Qualified Census Tracts and services provided by Tribal governments to delineate where a broader range of eligible uses are presumed to be responsive to the public health and economic impacts of COVID–19? What other measures might Treasury consider? Are there other populations or geographic areas that were disproportionately impacted by the pandemic that should be explicitly included?

Question 8: Are there other services or costs that Treasury should consider as eligible uses to respond to the disproportionate impacts of COVID–19 on low-income populations and communities? Describe how these respond to the COVID–19 public health emergency or its negative economic impacts, including its exacerbation of pre-existing challenges in these areas.

Question 9: The interim final rule includes eligible uses to support affordable housing and stronger neighborhoods in disproportionately-impacted communities. Discuss the advantages and disadvantages of explicitly including other uses to support affordable housing and stronger neighborhoods, including rehabilitation of blighted properties or demolition of abandoned or vacant properties. In what ways does, or does not, this potential use address public health or economic impacts of the pandemic? What considerations, if any, could support use of Fiscal Recovery Funds in ways that do not result in resident displacement or loss of affordable housing units?

B. Premium Pay

Fiscal Recovery Funds payments may be used by recipients to provide premium pay to eligible workers performing essential work during the COVID–19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.[95] These are workers who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors, including those who are critical to protecting the health and wellbeing of their communities.

Since the start of the COVID–19 public health emergency in January 2020, essential workers have put their physical wellbeing at risk to meet the daily needs of their communities and to provide care for others. In the course of this work, many essential workers have contracted or died of COVID–19.[96] Several examples reflect the severity of the health impacts for essential workers. Meat processing plants became "hotspots" for transmission, with 700 new cases reported at a single plant on a single day in May 2020.[97] In New York City, 120 employees of the Metropolitan Transit Authority were estimated to have died due to COVID–19 by mid-May 2020, with nearly 4,000 testing positive for the virus.[98] Furthermore, many essential workers are people of color or low-wage workers.[99] These workers, in particular, have borne a disproportionate share of the health and economic impacts of the pandemic. 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.

During the public health emergency, employers' policies on COVID–19-related hazard pay have varied widely, with many essential workers not yet compensated for the heightened risks they have faced and continue to face.[100]

[95] Sections 602(c)(1)(B), 603(c)(1)(B) of the Act.

[96] *See, e.g.*, Centers for Disease Control and Prevention, COVID Data Tracker: Cases & Death among Healthcare Personnel, *https://covid.cdc.gov/covid-data-tracker/#health-care-personnel* (last visited May 4, 2021); Centers for Disease Control and Prevention, COVID Data Tracker: Confirmed COVID–19 Cases and Deaths among Staff and Rate per 1,000 Resident-Weeks in Nursing Homes, by Week—United States, *https://covid.cdc.gov/covid-data-tracker/#nursing-home-staff* (last visited May 4, 2021).

[97] *See, e.g.*, The Lancet, The plight of essential workers during the COVID–19 pandemic, Vol. 395, Issue 10237:1587 (May 23, 2020), *available at https://www.thelancet.com/journals/lancet/article/PIIS0140-6736%2820%2931200-9/fulltext.*

[98] *Id.*

[99] Joanna Gaitens et al., Covid–19 and essential workers: A narrative review of health outcomes and moral injury, Int'l J. of Envtl. Research and Pub. Health 18(4):1446 (Feb. 4, 2021), *available at https://pubmed.ncbi.nlm.nih.gov/33557075/;* Tiana N. Rogers et al., Racial Disparities in COVID–19 Mortality Among Essential Workers in the United States, World Med. & Health policy 12(3):311–27 (Aug. 5, 2020), *available at https://onlinelibrary.wiley.com/doi/full/10.1002/wmh3.358* (finding that vulnerability to coronavirus exposure was increased among non-Hispanic blacks, who disproportionately occupied the top nine essential occupations).

[100] Economic Policy Institute, Only 30% of those working outside their home are receiving hazard pay (June 16, 2020), *https://www.epi.org/press/only-30-of-those-working-outside-their-home-are-receiving-hazard-pay-black-and-hispanic-workers-are-most-concerned-about-bringing-the-coronavirus-home/.*

Many of these workers earn lower wages on average and live in socioeconomically vulnerable communities as compared to the general population.[101] A recent study found that 25 percent of essential workers were estimated to have low household income, with 13 percent in high-risk households.[102] The low pay of many essential workers makes them less able to cope with the financial consequences of the pandemic or their work-related health risks, including working hours lost due to sickness or disruptions to childcare and other daily routines, or the likelihood of COVID–19 spread in their households or communities. Thus, the threats and costs involved with maintaining the ongoing operation of vital facilities and services have been, and continue to be, borne by those that are often the most vulnerable to the pandemic. The added health risk to essential workers is one prominent way in which the pandemic has amplified pre-existing socioeconomic inequities.

The Fiscal Recovery Funds will help respond to the needs of essential workers by allowing recipients to remunerate essential workers for the elevated health risks they have faced and continue to face during the public health emergency. To ensure that premium pay is targeted to workers that faced or face heightened risks due to the character of their work, the interim final rule defines essential work as work involving regular in-person interactions or regular physical handling of items that were also handled by others. A worker would not be engaged in essential work and, accordingly may not receive premium pay, for telework performed from a residence.

Sections 602(g)(2) and 603(g)(2) define eligible worker to mean "those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each Governor of a State or territory, or each Tribal government, may designate as critical to protect the health and well-being of the residents of their State, territory, or Tribal government." [103] The rule incorporates this definition and provides a list of industries recognized as essential critical infrastructure sectors.[104] These sectors include healthcare, public health and safety, childcare, education, sanitation, transportation, and food production and services, among others as noted above. As provided under sections 602(g)(2) and 603(g)(2), the chief executive of each recipient has discretion to add additional sectors to this list, so long as additional sectors are deemed critical to protect the health and well-being of residents.

In providing premium pay to essential workers or grants to eligible employers, a recipient must consider whether the pay or grant would "respond to" to the worker or workers performing essential work. Premium pay or grants provided under this section respond to workers performing essential work if it addresses the heightened risk to workers who must be physically present at a jobsite and, for many of whom, the costs associated with illness were hardest to bear financially. Many of the workers performing critical essential services are low- or moderate-income workers, such as those described above. The ARPA recognizes this by defining premium pay to mean an amount up to $13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed $25,000 per eligible worker. To ensure the provision is implemented in a manner that compensates these workers, the interim final rule provides that any premium pay or grants provided using the Fiscal Recovery Funds should prioritize compensation of those lower income eligible workers that perform essential work.

As such, providing premium pay to eligible workers responds to such workers by helping address the disparity between the critical services and risks taken by essential workers and the relatively low compensation they tend to receive in exchange. If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the State, local, or Tribal government must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency.[105]

The threshold of 150 percent for requiring additional written justification is based on an analysis of the distribution of labor income for a sample of 20 occupations that generally correspond to the essential workers as defined in the interim final rule.[106] For these occupations, labor income for the vast majority of workers was under 150 percent of average annual labor income across all occupations. Treasury anticipates that the threshold of 150 percent of the annual average wage will be greater than the annual average wage of the vast majority of eligible workers performing essential work. These enhanced reporting requirements help to ensure grants are directed to essential workers in critical infrastructure sectors and responsive to the impacts of the pandemic observed among essential workers, namely the mis-alignment between health risks and compensation. Enhanced reporting also provides transparency to the public. Finally, using a localized measure reflects differences in wages and cost of living across the country, making this standard administrable and reflective of essential worker incomes across a diverse range of geographic areas.

Furthermore, because premium pay is intended to compensate essential workers for heightened risk due to COVID–19, it must be entirely additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings. The definition of premium pay also clarifies that premium pay may be provided retrospectively for work performed at any time since the start of the COVID–19 public health emergency, where those workers have yet to be compensated adequately for work previously performed.[107] Treasury encourages recipients to prioritize providing retrospective premium pay where possible, recognizing that many essential workers have not yet received additional compensation for work conducted over the course of many

[101] McCormack, *supra* note 37.

[102] *Id.*

[103] Sections 602(g)(2), 603(g)(2) of the Act.

[104] The list of critical infrastructure sectors provided in the interim final rule is based on the list of essential workers under The Heroes Act, H.R. 6800, 116th Cong. (2020).

[105] County median annual wage is taken to be that of the metropolitan or nonmetropolitan area that includes the county. *See* U.S. Bureau of Labor Statistics, State Occupational Employment and Wage Estimates, *https://www.bls.gov/oes/current/oessrcst.htm* (last visited May 1, 2021); U.S. Bureau of Labor Statistics, May 2020 Metropolitan and Nonmetropolitan Area Estimates listed by county or town, *https://www.bls.gov/oes/current/county_links.htm* (last visited May 1, 2021).

[106] Treasury performed this analysis with data from the U.S. Census Bureau's 2019 Annual Social and Economic Supplement. In determining which occupations to include in this analysis, Treasury excluded management and supervisory positions, as such positions may not necessarily involve regular in-person interactions or physical handling of items to the same extent as non-managerial positions.

[107] However, such compensation must be "in addition to" remuneration or wages already received. That is, employers may not reduce such workers' current pay and use Fiscal Recovery Funds to compensate themselves for premium pay previously provided to the worker.

months. Essential workers who have already earned premium pay for essential work performed during the COVID–19 public health emergency remain eligible for additional payments, and an essential worker may receive both retrospective premium pay for prior work as well as prospective premium pay for current or ongoing work.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided. *See* Section VIII of this **SUPPLEMENTARY INFORMATION**, discussing reporting requirements. In responding to the needs of essential workers, a grant to an employer may provide premium pay to eligible workers performing essential work, as these terms are defined in the interim final rule and discussed above. A grant provided to an employer may also be for essential work performed by eligible workers pursuant to a contract. For example, if a municipality contracts with a third party to perform sanitation work, the third-party contractor could be eligible to receive a grant to provide premium pay for these eligible workers.

Question 10: Are there additional sectors beyond those listed in the interim final rule that should be considered essential critical infrastructure sectors?

Question 11: What, if any, additional criteria should Treasury consider to ensure that premium pay responds to essential workers?

Question 12: What consideration, if any, should be given to the criteria on salary threshold, including measure and level, for requiring written justification?

C. Revenue Loss

Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID–19 public health emergency.[108] Pursuant to sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, a recipient's reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency.

Many State, local, and Tribal governments are experiencing significant budget shortfalls, which can have a devastating impact on communities. State government tax revenue from major sources were down 4.3 percent in the six months ended September 2020, relative to the same period 2019.[109] At the local level, nearly 90 percent of cities have reported being less able to meet the fiscal needs of their communities and, on average, cities expect a double-digit decline in general fund revenues in their fiscal year 2021.[110] Similarly, surveys of Tribal governments and Tribal enterprises found majorities of respondents reporting substantial cost increases and revenue decreases, with Tribal governments reporting reductions in healthcare, housing, social services, and economic development activities as a result of reduced revenues.[111] These budget shortfalls are particularly problematic in the current environment, as State, local, and Tribal governments work to mitigate and contain the COVID–19 pandemic and help citizens weather the economic downturn.

Further, State, local, and Tribal government budgets affect the broader economic recovery. During the period following the 2007–2009 recession, State and local government budget pressures led to fiscal austerity that was a significant drag on the overall economic recovery.[112] Inflation-adjusted State and local government revenue did not return to the previous peak until 2013,[113] while State, local, and Tribal government employment did not recover to its prior peak for over a decade, until August 2019—just a few months before the COVID–19 public health emergency began.[114]

Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act allow recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services and, thus, enable State, local, and Tribal governments to continue to provide valuable services and ensure that fiscal austerity measures do not hamper the broader economic recovery. The interim final rule implements these provisions by establishing a definition of "general revenue" for purposes of calculating a loss in revenue and by providing a methodology for calculating revenue lost due to the COVID–19 public health emergency.

General Revenue. The interim final rule adopts a definition of "general revenue" based largely on the components reported under "General Revenue from Own Sources" in the Census Bureau's Annual Survey of State and Local Government Finances, and for purposes of this interim final rule, helps to ensure that the components of general revenue would be calculated in a consistent manner.[115] By relying on a methodology that is both familiar and comprehensive, this approach minimizes burden to recipients and provides consistency in the measurement of general revenue across a diverse set of recipients.

The interim final rule defines the term "general revenue" to include revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services.[116] In calculating revenue, recipients should sum across all revenue streams covered as general revenue. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the overall impact of

[108] ARPA, *supra* note 16.

[109] Major sources include personal income tax, corporate income tax, sales tax, and property tax. *See* Lucy Dadayan., States Reported Revenue Growth in July–September Quarter, Reflecting Revenue Shifts from the Prior Quarter, State Tax and Econ. Rev. (Q. 3, 2020), *available at https://www.urban.org/sites/default/files/publication/103938/state-tax-and-economic-review-2020-q3_0.pdf.*

[110] National League of Cities, City Fiscal Conditions (2020), *available at https://www.nlc.org/wp-content/uploads/2020/08/City_Fiscal_Conditions_2020_FINAL.pdf.*

[111] Surveys conducted by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis in March, April, and September 2020. *See* Moreno & Sobrepena, *supra* note 73.

[112] *See, e.g.*, Fitzpatrick, Haughwout & Setren, Fiscal Drag from the State and Local Sector?, Liberty Street Economics Blog, Federal Reserve Bank of New York (June 27, 2012), *https://www.libertystreeteconomics.newyorkfed.org/2012/06/fiscal-drag-from-the-state-and-local-sector.html;* Jiri Jonas, Great Recession and Fiscal Squeeze at U.S. Subnational Government Level, IMF Working Paper 12/184, (July 2012), *available at https://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf;* Gordon, *supra* note 9.

[113] State and local government general revenue from own sources, adjusted for inflation using the GDP price index. U.S. Census Bureau, Annual Survey of State Government Finances and U.S. Bureau of Economic Analysis, National Income and Product Accounts.

[114] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited Apr. 27, 2021).

[115] U.S. Census Bureau, Annual Survey of State and Local Government Finances, *https://www.census.gov/programs-surveys/gov-finances.html* (last visited Apr. 30, 2021).

[116] The interim final rule would define tax revenue in a manner consistent with the Census Bureau's definition of tax revenue, with certain changes (*i.e.*, inclusion of revenue from liquor stores and certain intergovernmental transfers). Current charges are defined as "charges imposed for providing current services or for the sale of products in connection with general government activities." It includes revenues such as public education institution, public hospital, and toll revenues. Miscellaneous general revenue comprises of all other general revenue of governments from their own sources (*i.e.*, other than liquor store, utility, and insurance trust revenue), including rents, royalties, lottery proceeds, and fines.

the COVID–19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.[117]

Consistent with the Census Bureau's definition of "general revenue from own sources," the definition of general revenue in the interim final rule would exclude refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, and agency or private trust transactions. The definition of general revenue also would exclude revenue generated by utilities and insurance trusts. In this way, the definition of general revenue focuses on sources that are generated from economic activity and are available to fund government services, rather than a fund or administrative unit established to account for and control a particular activity.[118] For example, public utilities typically require financial support from the State, local, or Tribal government, rather than providing revenue to such government, and any revenue that is generated by public utilities typically is used to support the public utility's continued operation, rather than being used as a source of revenue to support government services generally.

The definition of general revenue would include all revenue from Tribal enterprises, as this revenue is generated from economic activity and is available to fund government services. Tribes are not able to generate revenue through taxes in the same manner as State and local governments and, as a result, Tribal enterprises are critical sources of revenue for Tribal governments that enable Tribal governments to provide a range of services, including elder care, health clinics, wastewater management, and forestry.

Finally, the term "general revenue" includes intergovernmental transfers between State and local governments, but excludes intergovernmental transfers from the Federal Government, including Federal transfers made via a State to a local government pursuant to the CRF or as part of the Fiscal Recovery Funds. States and local governments often share or collect revenue on behalf of one another, which results in intergovernmental transfers. When attributing revenue to a unit of government, the Census Bureau's methodology considers which unit of government imposes, collects, and retains the revenue and assigns the revenue to the unit of government that meets at least two of those three factors.[119] For purposes of measuring loss in general revenue due to the COVID–19 public health emergency and to better allow continued provision of government services, the retention and ability to use the revenue is a more critical factor. Accordingly, and to better measure the funds available for the provision of government services, the definition of general revenue would include intergovernmental transfers from States or local governments other than funds transferred pursuant to ARPA, CRF, or another Federal program. This formulation recognizes the importance of State transfers for local government revenue.[120]

Calculation of Loss. In general, recipients will compute the extent of the reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic. This approach measures losses in revenue relative to the most recent fiscal year prior to the COVID–19 public health emergency by using the most recent pre-pandemic fiscal year as the starting point for estimates of revenue growth absent the pandemic. In other words, the counterfactual trend starts with the last full fiscal year prior to the COVID–19 public health emergency and then assumes growth at a constant rate in the subsequent years. Because recipients can estimate the revenue shortfall at multiple points in time throughout the covered period as revenue is collected, this approach accounts for variation across recipients in the timing of pandemic impacts.[121] Although revenue may decline for reasons unrelated to the COVID–19 public health emergency, to minimize the administrative burden on recipients and taking into consideration the devastating effects of the COVID–19 public health emergency, any diminution in actual revenues relative to the counterfactual pre-pandemic trend would be presumed to have been due to the COVID–19 public health emergency.

For purposes of measuring revenue growth in the counterfactual trend, recipients may use a *growth adjustment* of either 4.1 percent per year or the recipient's average annual revenue growth over the three full fiscal years prior to the COVID–19 public health emergency, whichever is higher. The option of 4.1 percent represents the average annual growth across all State and local government "General Revenue from Own Sources" in the most recent three years of available data.[122] This approach provides recipients with a standardized growth adjustment when calculating the counterfactual revenue trend and thus minimizes administrative burden, while not disadvantaging recipients with revenue growth that exceeded the national average prior to the COVID–19 public health emergency by permitting these recipients to use their own revenue growth rate over the preceding three years.

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. To calculate the extent of the reduction in revenue at each of these dates, recipients should follow a four-step process:

- *Step 1:* Identify revenues collected in the most recent full fiscal year prior to the public health emergency (*i.e.*, last full fiscal year before January 27, 2020), called the *base year revenue.*
- *Step 2:* Estimate *counterfactual revenue,* which is equal to *base year revenue* * [(1 + *growth adjustment*) ^ (*n*/12)], where *n* is the number of months elapsed since the end of the base year to the calculation date, and *growth adjustment* is the greater of 4.1 percent and the recipient's average annual revenue growth in the three full fiscal

[117] Fund-oriented reporting, such as what is used under the Governmental Accounting Standards Board (GASB), focuses on the types of uses and activities funded by the revenue, as opposed to the economic activity from which the revenue is sourced. *See* Governmental Accounting Standards Series, Statement No. 54 of the Governmental Accounting Standards Board: Fund Balance Reporting and Governmental Fund Type Definitions, No. 287–B (Feb. 2009).

[118] *Supra* note 116.

[119] U.S. Census Bureau, Government Finance and Employment Classification Manual (Dec. 2000), *https://www2.census.gov/govs/class/classfull.pdf.*

[120] For example, in 2018, state transfers to localities accounted for approximately 27 percent of local revenues. U.S. Census Bureau, Annual Survey of State and Local Government Finances, Table 1 (2018), *https://www.census.gov/data/datasets/2018/econ/local/public-use-datasets.html.*

[121] For example, following the 2007–09 recession, local government property tax collections did not begin to decline until 2011, suggesting that property tax collection declines can lag downturns. *See* U.S. Bureau of Economic Analysis, Personal current taxes: State and local: Property taxes [S210401A027NBEA], retrieved from Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/graph/?g=r3YI* (last visited Apr. 22, 2021). Estimating the reduction in revenue at points throughout the covered period will allow for this type of lagged effect to be taken into account during the covered period.

[122] Together with revenue from liquor stores from 2015 to 2018. This estimate does not include any intergovernmental transfers. A recipient using the three-year average to calculate their growth adjustment must be based on the definition of general revenue, including treatment of intergovernmental transfers. 2015–2018 represents the most recent available data. *See* U.S. Census Bureau, State & Local Government Finance Historical Datasets and Tables (2018), *https://www.census.gov/programs-surveys/gov-finances/data/datasets.html.*

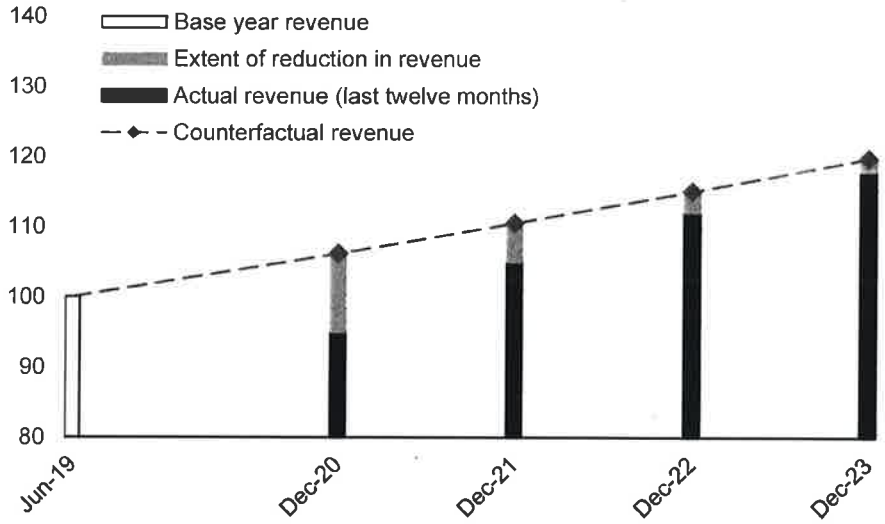
years prior to the COVID–19 public health emergency.

- *Step 3:* Identify *actual revenue,* which equals revenues collected over the past twelve months as of the calculation date.
- *Step 4:* The extent of the reduction in revenue is equal to *counterfactual revenue* less *actual revenue.* If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.

For illustration, consider a hypothetical recipient with *base year revenue* equal to 100. In Step 2, the hypothetical recipient finds that 4.1 percent is greater than the recipient's average annual revenue growth in the three full fiscal years prior to the public health emergency. Furthermore, this recipient's base year ends June 30. In this illustration, *n* (months elapsed) and *counterfactual revenue* would be equal to:

As of:	12/31/2020	12/31/2021	12/31/2022	12/31/2023
n (months elapsed)	18	30	42	54
Counterfactual revenue:	106.2	110.6	115.1	119.8

The overall methodology for calculating the reduction in revenue is illustrated in the figure below:



Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act provide recipients with broad latitude to use the Fiscal Recovery Funds for the provision of government services. Government services can include, but are not limited to, maintenance or pay-go funded building [123] of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services. However, expenses associated with obligations under instruments evidencing financial indebtedness for borrowed money would not be considered the provision of government services, as these financing expenses do not directly provide services or aid to citizens. Specifically, government services would not include interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or fees or issuance costs associated with the issuance of new debt. For the same reasons, government services would not include satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding, except if the judgment or settlement required the provision of government services. That is, satisfaction of a settlement or judgment itself is not a government service, unless the settlement required the provision of government services. In addition, replenishing financial reserves (*e.g.,* rainy day or other reserve funds) would not be considered provision of a government service, since such expenses do not directly relate to the provision of government services.

Question 13: Are there sources of revenue that either should or should not be included in the interim final rule's measure of "general revenue" for recipients? If so, discuss why these sources either should or should not be included.

Question 14: In the interim final rule, recipients are expected to calculate the reduction in revenue on an aggregate basis. Discuss the advantages and disadvantages of, and any potential concerns with, this approach, including circumstances in which it could be necessary or appropriate to calculate the reduction in revenue by source.

Question 15: Treasury is considering whether to take into account other factors, including actions taken by the recipient as well as the expiration of the COVID–19 public health emergency, in determining whether to presume that revenue losses are "due to" the COVID–

[123] Pay-go infrastructure funding refers to the practice of funding capital projects with cash-on-hand from taxes, fees, grants, and other sources, rather than with borrowed sums.

19 public health emergency. Discuss the advantages and disadvantages of this presumption, including when, if ever, during the covered period it would be appropriate to reevaluate the presumption that all losses are attributable to the COVID–19 public health emergency.

Question 16: Do recipients anticipate lagged revenue effects of the public health emergency? If so, when would these lagged effects be expected to occur, and what can Treasury to do support these recipients through its implementation of the program?

Question 17: In the interim final rule, paying interest or principal on government debt is not considered provision of a government service. Discuss the advantages and disadvantages of this approach, including circumstances in which paying interest or principal on government debt could be considered provision of a government service.

D. Investments in Infrastructure

To assist in meeting the critical need for investments and improvements to existing infrastructure in water, sewer, and broadband, the Fiscal Recovery Funds provide funds to State, local, and Tribal governments to make necessary investments in these sectors. The interim final rule outlines eligible uses within each category, allowing for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service. Necessary investments are designed to provide an adequate minimum level of service and are unlikely to be made using private sources of funds. Necessary investments include projects that are required to maintain a level of service that, at least, meets applicable health-based standards, taking into account resilience to climate change, or establishes or improves broadband service to unserved or underserved populations to reach an adequate level to permit a household to work or attend school, and that are unlikely to be met with private sources of funds.[124]

It is important that necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Treasury 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, not only to promote effective and efficient delivery of high-quality infrastructure projects but also to support the economic recovery through strong employment opportunities for workers. Using these practices in construction projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

To provide public transparency on whether projects are using practices that promote on-time and on-budget delivery, Treasury will seek information from recipients on their workforce plans and practices related to water, sewer, and broadband projects undertaken with Fiscal Recovery Funds. Treasury will provide additional guidance and instructions on the reporting requirements at a later date.

1. Water and Sewer Infrastructure

The ARPA provides funds to State, local, and Tribal governments to make necessary investments in water and sewer infrastructure.[125] By permitting funds to be used for water and sewer infrastructure needs, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health. Understanding that State, local, and Tribal governments have a broad range of water and sewer infrastructure needs, the interim final rule provides these governments with wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for their own communities, which may include projects on privately-owned infrastructure. The interim final rule does this by aligning eligible uses of the Fiscal Recovery 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 (EPA) Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).[126]

Established by the 1987 amendments[127] to the Clean Water Act (CWA),[128] the CWSRF provides financial assistance for a wide range of water infrastructure projects to improve water quality and address water pollution in a way that enables each State to address and prioritize the needs of their populations. The types of projects eligible for CWSRF assistance include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution.[129] Each of the 51 State programs established under the CWSRF have the flexibility to direct funding to their particular environmental needs, and each State may also have its own statutes, rules, and regulations that guide project eligibility.[130]

The DWSRF was modeled on the CWSRF and created as part of the 1996 amendments to the Safe Drinking Water Act (SDWA),[131] with the principal objective of helping public water systems obtain financing for improvements necessary to protect public health and comply with drinking water regulations.[132] Like the CWSRF,

[124] Treasury notes that using funds to support or oppose collective bargaining would not be included as part of "necessary investments in water, sewer, or broadband infrastructure."

[125] Sections 602(c)(1)(D), 603(c)(1)(D) of the Act.

[126] Environmental Protection Agency, Drinking Water State Revolving fund, *https://www.epa.gov/dwsrf* (last visited Apr. 30, 2021); Environmental Protection Agency, Clean Water State Revolving Fund, *https://www.epa.gov/cwsrf* (last visited Apr. 30, 2021).

[127] Water Quality Act of 1987, Public Law 100–4.

[128] Federal Water Pollution Control Act as amended, codified at 33 U.S.C. 1251 *et seq.*, common name (Clean Water Act). In 2009, the American Recovery and Reinvestment Act created the Green Project Reserve, which increased the focus on green infrastructure, water and energy efficient, and environmentally innovative projects. Public Law 111–5. The CWA was amended by the Water Resources Reform and Development Act of 2014 to further expand the CWSRF's eligibilities. Public Law 113–121. *The CWSRF's eligibilities were further expanded in 2018 by the America's Water Infrastructure Act of 2018, Public Law 115–270.*

[129] *See* Environmental Protection Agency, The Drinking Water State Revolving Funds: Financing America's Drinking Water, EPA–816–R–00–023 (Nov. 2000), *https://nepis.epa.gov/Exe/ZyPDF.cgi/200024WB.PDF?Dockey=200024WB.PDF; See also* Environmental Protection Agency, *Learn About the Clean Water State Revolving Fund, https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf (last visited Apr. 30, 2021).*

[130] 33 U.S.C. 1383(c). *See also Environmental Protection Agency, Overview of Clean Water State Revolving Fund Eligibilities (May 2016), https://www.epa.gov/sites/production/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf; Claudia Copeland, Clean Water Act: A Summary of the Law, Congressional Research Service (Oct. 18, 2016), https://fas.org/sgp/crs/misc/RL30030.pdf; Jonathan L Ramseur, Wastewater Infrastructure: Overview, Funding, and Legislative Developments, Congressional Research Service (May 22, 2018), https://fas.org/sgp/crs/misc/R44963.pdf.*

[131] 42 U.S.C. 300j–12.

[132] Environmental Protection Agency, Drinking Water State Revolving Fund Eligibility Handbook, (June 2017), *https://www.epa.gov/sites/production/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf;* Environmental Protection Agency, Drinking Water

the DWSRF provides States with the flexibility to meet the needs of their populations.[133] The primary use of DWSRF funds is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems.[134] In administering these programs, States must give priority to projects that ensure compliance with applicable health and environmental safety requirements; address the most serious risks to human health; and assist systems most in need on a per household basis according to State affordability criteria.[135]

By aligning use of Fiscal Recovery Funds with the categories or types of eligible projects under the existing EPA state revolving fund programs, the interim final rule provides recipients with the flexibility to respond to the needs of their communities while ensuring that investments in water and sewer infrastructure made using Fiscal Recovery Funds are necessary. As discussed above, the CWSRF and DWSRF were designed to provide funding for projects that protect public health and safety by ensuring compliance with wastewater and drinking water health standards.[136] The need to provide funding through the state revolving funds suggests that these projects are less likely to be addressed with private sources of funding; for example, by remediating failing or inadequate infrastructure, much of which is publicly owned, and by addressing non-point sources of pollution. This approach of aligning with the EPA state revolving fund programs also supports expedited project identification and investment so that needed relief for the people and communities most affected by the pandemic can deployed expeditiously and have a positive impact on their health and wellbeing as soon as possible. Further, the interim final rule is intended to preserve flexibility for award recipients to direct funding to their own particular needs and priorities and would not preclude recipients from applying their own additional project eligibility criteria.

In addition, responding to the immediate needs of the COVID–19 public health emergency may have diverted both personnel and financial resources from other State, local, and Tribal priorities, including projects to ensure compliance with applicable water health and quality standards and provide safe drinking and usable water.[137] Through sections 602(c)(1)(D) and 603(c)(1)(D), the ARPA provides resources to address these needs. Moreover, using Fiscal Recovery Funds in accordance with the priorities of the CWA and SWDA to "assist systems most in need on a per household basis according to state affordability criteria" would also have the benefit of providing vulnerable populations with safe drinking water that is critical to their health and, thus, their ability to work and learn.[138]

Recipients may use Fiscal Recovery Funds to invest in a broad range of projects that improve drinking water infrastructure, such as building or upgrading facilities and transmission, distribution, and storage systems, including replacement of lead service lines. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury encourages recipients to consider projects to replace lead service lines.

Fiscal Recovery Funds may also be used to support the consolidation or establishment of drinking water systems. With respect to wastewater infrastructure, recipients may use Fiscal Recovery Funds to construct publicly owned treatment infrastructure, manage and treat stormwater or subsurface drainage water, facilitate water reuse, and secure publicly owned treatment works, among other uses. Finally, consistent with the CWSRF and DWSRF, Fiscal Recovery Funds may be used for cybersecurity needs to protect water or sewer infrastructure, such as developing effective cybersecurity practices and measures at drinking water systems and publicly owned treatment works.

Many of the types of projects eligible under either the CWSRF or DWSRF also support efforts to address climate change. For example, by taking steps to manage potential sources of pollution and preventing these sources from reaching sources of drinking water, projects eligible under the DWSRF and the ARPA may reduce energy required to treat drinking water. Similarly, projects eligible under the CWSRF include measures to conserve and reuse water or reduce the energy consumption of public water treatment facilities. Treasury encourages recipients to consider green infrastructure investments and projects to improve resilience to the effects of climate change. For example, more frequent and extreme precipitation events combined with construction and development trends have led to increased instances of stormwater runoff, water pollution, and flooding. Green infrastructure projects that support stormwater system resiliency could include rain gardens that provide water storage and filtration benefits, and green streets, where vegetation, soil, and engineered systems are combined to direct and filter rainwater from impervious surfaces. In cases of a natural disaster, recipients may also use Fiscal Recovery Funds to provide relief, such as interconnecting water systems or rehabilitating existing wells during an extended drought.

Question 18: What are the advantages and disadvantages of aligning eligible uses with the eligible project type requirements of the DWSRF and CWSRF? What other water or sewer project categories, if any, should Treasury consider in addition to DWSRF and CWSRF eligible projects? Should Treasury consider a broader general category of water and sewer projects?

Question 19: What additional water and sewer infrastructure categories, if any, should Treasury consider to address and respond to the needs of unserved, undeserved, or rural communities? How do these projects differ from DWSFR and CWSRF eligible projects?

Question 20: What new categories of water and sewer infrastructure, if any, should Treasury consider to support State, local, and Tribal governments in mitigating the negative impacts of climate change? Discuss emerging technologies and processes that support resiliency of water and sewer infrastructure. Discuss any challenges faced by States and local governments when pursuing or implementing climate resilient infrastructure projects.

Question 21: Infrastructure projects related to dams and reservoirs are generally not eligible under the CWSRF and DWSRF categories. Should Treasury consider expanding eligible

Infrastructure Needs Survey and Assessment: Sixth Report to Congress (March 2018), *https://www.epa.gov/sites/production/files/2018-10/documents/corrected_sixth_drinking_water_infrastructure_needs_survey_and_assessment.pdf.*

[133] *Id.*

[134] *Id.*

[135] 42 U.S.C. 300j–12(b)(3)(A).

[136] Environmental Protection Agency, Learn About the Clean Water State Revolving Fund, *https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf* (last visited Apr. 30, 2021); 42 U.S.C. 300j–12.

[137] House Committee on the Budget, State and Local Governments are in Dire Need of Federal Relief (Aug. 19, 2020), *https://budget.house.gov/publications/report/state-and-local-governments-are-dire-need-federal-relief.*

[138] Environmental Protection Agency, Drinking Water State Revolving Fund (Nov. 2019), *https://www.epa.gov/sites/production/files/2019-11/documents/fact_sheet_-_dwsrf_overview_final_0.pdf;* Environmental Protection Agency, National Benefits Analysis for Drinking Water Regulations, *https://www.epa.gov/sdwa/national-benefits-analysis-drinking-water-regulations* (last visited Apr. 30, 2020).

infrastructure under the interim final rule to include dam and reservoir projects? Discuss public health, environmental, climate, or equity benefits and costs in expanding the eligibility to include these types of projects.

2. Broadband Infrastructure

The COVID–19 public health emergency has underscored the importance of universally available, high-speed, reliable, and affordable broadband coverage as millions of Americans rely on the internet to participate in, among critical activities, remote school, healthcare, and work. Recognizing the need for such connectivity, the ARPA provides funds to State, territorial, local, and Tribal governments to make necessary investments in broadband infrastructure.

The National Telecommunications and Information Administration (NTIA) highlighted the growing necessity of broadband in daily lives through its analysis of NTIA Internet Use Survey data, noting that Americans turn to broadband internet access service for every facet of daily life including work, study, and healthcare.[139] With increased use of technology for daily activities and the movement by many businesses and schools to operating remotely during the pandemic, broadband has become even more critical for people across the country to carry out their daily lives.

By at least one measure, however, tens of millions of Americans live in areas where there is no broadband infrastructure that provides download speeds greater than 25 Mbps and upload speeds of 3 Mbps.[140] By contrast, as noted below, many households use upload and download speeds of 100 Mbps to meet their daily needs. Even in areas where broadband infrastructure exists, broadband access may be out of reach for millions of Americans because it is unaffordable, as the United States has some of the highest broadband prices in the Organisation for Economic Co-operation and Development (OECD).[141] There are disparities in availability as well; historically, Americans living in territories and Tribal lands as well as rural areas have disproportionately lacked sufficient broadband infrastructure.[142] Moreover, rapidly growing demand has, and will likely continue to, quickly outpace infrastructure capacity, a phenomenon acknowledged by various states around the country that have set scalability requirements to account for this anticipated growth in demand.[143]

The interim final rule provides that eligible investments in broadband are those that are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses. Understanding that States, territories, localities, and Tribal governments have a wide range of varied broadband infrastructure needs, the interim final rule provides award recipients with flexibility to identify the specific locations within their communities to be served and to otherwise design the project.

Under the interim final rule, eligible projects are expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps. There may be instances in which it would not be practicable for a project to deliver such service speeds because of the geography, topography, or excessive costs associated with such a project. In these instances, the affected project would be expected to be designed to deliver, upon project completion, service that reliably meets or exceeds 100 Mbps download and between at least 20 Mbps and 100 Mbps upload speeds and be scalable to a minimum of 100 Mbps symmetrical for download and upload speeds.[144] In setting these standards, Treasury identified speeds necessary to ensure that broadband infrastructure is sufficient to enable users to generally meet household needs, including the ability to support the simultaneous use of work, education, and health applications, and also sufficiently robust to meet increasing household demands for bandwidth. Treasury also recognizes that different communities and their members may have a broad range of internet needs and that those needs may change over time.

In considering the appropriate speed requirements for eligible projects, Treasury considered estimates of typical households demands during the pandemic. Using the Federal Communication Commission's (FCC) Broadband Speed Guide, for example, a household with two telecommuters and two to three remote learners today are estimated to need 100 Mbps download to work simultaneously.[145] In households with more members, the demands may be greater, and in households with fewer members, the demands may be less.

In considering the appropriate speed requirements for eligible projects, Treasury also considered data usage patterns and how bandwidth needs have changed over time for U.S. households and businesses as people's use of technology in their daily lives has evolved. In the few years preceding the pandemic, market research data showed that average upload speeds in the United States surpassed over 10 Mbps in 2017[146] and continued to increase significantly, with the average upload speed as of November, 2019 increasing to 48.41 Mbps,[147] attributable, in part to a shift to using broadband and the internet by individuals and businesses

[139] *See, e.g., https://www.ntia.gov/blog/2020/more-half-american-households-used-internet-health-related-activities-2019-ntia-data-show; https://www.ntia.gov/blog/2020/nearly-third-american-employees-worked-remotely-2019-ntia-data-show;* and generally, *https://www.ntia.gov/data/digital-nation-data-explorer.*

[140] As an example, data from the Federal Communications Commission shows that as of June 2020, 9.07 percent of the U.S. population had no available cable or fiber broadband providers providing greater than 25 Mbps download speeds and 3 Mbps upload speeds. Availability was significantly less for rural versus urban populations, with 35.57 percent of the rural population lacking such access, compared with 2.57 percent of the urban population. Availability was also significantly less for tribal versus non-tribal populations, with 35.93 percent of the tribal population lacking such access, compared with 8.74 of the non-tribal population. Federal Communications Commission, Fixed Broadband Deployment, *https://broadbandmap.fcc.gov/#/* (last visited May 9, 2021).

[141] How Do U.S. Internet Costs Compare To The Rest Of The World?, BroadbandSearch Blog Post, *available at https://www.broadbandsearch.net/blog/internet-costs-compared-worldwide.*

[142] *See, e.g.,* Federal Communications Commission, Fourteenth Broadband Deployment Report, *available at https://docs.fcc.gov/public/attachments/FCC-21-18A1.pdf.*

[143] *See, e.g.,* Illinois Department of Commerce & Economic Opportunity, Broadband Grants, h (last visited May 9, 2021), *https://www2.illinois.gov/dceo/ConnectIllinois/Pages/BroadbandGrants.aspx;* Kansas Office of Broadband Development, Broadband Acceleration Grant, *https://www.kansascommerce.gov/wp-content/uploads/2020/11/Broadband-Acceleration-Grant.pdf* (last visited May 9, 2021); New York State Association of Counties, Universal Broadband: Deploying High Speed Internet Access in NYS (Jul. 2017), *https://www.nysac.org/files/BroadbandUpdateReport2017(1).pdf.*

[144] This scalability threshold is consistent with scalability requirements used in other jurisdictions. *Id.*

[145] Federal Communications Commission, Broadband Speed Guide, *https://www.fcc.gov/consumers/guides/broadband-speed-guide* (last visited Apr. 30, 2021).

[146] Letter from Lisa R. Youngers, President and CEO of Fiber Broadband Association to FCC, WC Docket No. 19–126 (filed Jan. 3, 2020), including an Appendix with research from RVA LLC, *Data Review Of The Importance of Upload Speeds* (Jan. 2020), and Ookla speed test data, *available at https://ecfsapi.fcc.gov/file/101030085118517/FCC%20RDOF%20Jan%203%20Ex%20Parte.pdf.* Additional information on historic growth in data usage is provided in Schools, Health & Libraries Broadband Coalition, *Common Sense Solutions for Closing the Digital Divide,* Apr. 29, 2021.

[147] *Id. See also* United States's Mobile and Broadband internet Speeds—Speedtest Global Index, *available at https://www.speedtest.net/global-index/united-states#fixed.*

to create and share content using video sharing, video conferencing, and other applications.[148]

The increasing use of data accelerated markedly during the pandemic as households across the country became increasingly reliant on tools and applications that require greater internet capacity, both to download data but also to upload data. Sending information became as important as receiving it. A video consultation with a healthcare provider or participation by a child in a live classroom with a teacher and fellow students requires video to be sent and received simultaneously.[149] As an example, some video conferencing technology platforms indicate that download and upload speeds should be roughly equal to support two-way, interactive video meetings.[150] For both work and school, client materials or completed school assignments, which may be in the form of PDF files, videos, or graphic files, also need to be shared with others. This is often done by uploading materials to a collaboration site, and the upload speed available to a user can have a significant impact on the time it takes for the content to be shared with others. [151] These activities require significant capacity from home internet connections to both download and upload data, especially when there are multiple individuals in one household engaging in these activities simultaneously.

This need for increased broadband capacity during the pandemic was reflected in increased usage patterns seen over the last year. As OpenVault noted in recent advisories, the pandemic significantly increased the amount of data users consume. Among data users observed by OpenVault, per-subscriber average data usage for the fourth quarter of 2020 was 482.6 gigabytes per month, representing a 40 percent increase over the 344 gigabytes consumed in the fourth quarter of 2019 and a 26 percent increase over the third quarter 2020 average of 383.8 gigabytes.[152] OpenVault also noted significant increases in upstream usage among the data users it observed, with upstream data usage growing 63 percent—from 19 gigabytes to 31 gigabytes—between December, 2019 and December, 2020.[153] According to an OECD Broadband statistic from June 2020, the largest percentage of U.S. broadband subscribers have services providing speeds between 100 Mbps and 1 Gbps.[154]

Jurisdictions and Federal programs are increasingly responding to the growing demands of their communities for both heightened download and upload speeds. For example, Illinois now requires 100 Mbps symmetrical service as the construction standard for its state broadband grant programs. This standard is also consistent with speed levels, particularly download speed levels, prioritized by other Federal programs supporting broadband projects. Bids submitted as part of the FCC in its Rural Digital Opportunity Fund (RDOF), established to support the construction of broadband networks in rural communities across the country, are given priority if they offer faster service, with the service offerings of 100 Mbps download and 20 Mbps upload being included in the "above baseline" performance tier set by the FCC.[155] The Broadband Infrastructure Program (BBIP) [156] of the Department of Commerce, which provides Federal funding to deploy broadband infrastructure to eligible service areas of the country also prioritizes projects designed to provide broadband service with a download speed of not less than 100 Mbps and an upload speed of not less than 20 Mbps.[157]

The 100 Mbps upload and download speeds will support the increased and growing needs of households and businesses. Recognizing that, in some instances, 100 Mbps upload speed may be impracticable due to geographical, topographical, or financial constraints, the interim final rule permits upload speeds of between at least 20 Mbps and 100 Mbps in such instances. To provide for investments that will accommodate technologies requiring symmetry in download and upload speeds, as noted above, eligible projects that are not designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical speeds of 100 Mbps because it would be impracticable to do so should be designed so that they can be scalable to such speeds. Recipients are also encouraged to prioritize investments in fiber optic infrastructure where feasible, as such advanced technology enables the next generation of application solutions for all communities.

Under the interim final rule, eligible projects are expected to focus on locations that are unserved or underserved. The interim final rule treats users as being unserved or underserved if they lack access to a wireline connection capable of reliably delivering at least minimum speeds of 25 Mbps download and 3 Mbps upload as households and businesses lacking this level of access are generally not viewed as being able to originate and receive high-quality voice, data, graphics, and video telecommunications. This threshold is consistent with the FCC's benchmark for an "advanced telecommunications capability." [158] This threshold is also consistent with thresholds used in other Federal programs to identify eligible areas to be served by programs to improve broadband services. For example, in the FCC's RDOF program, eligible areas include those without current (or already funded) access to terrestrial broadband service providing 25 Mbps download and 3 Mbps upload speeds.[159] The Department of Commerce's BBIP also considers households to be "unserved" generally if they lack access to broadband service

[148] *Id.*

[149] One high definition Zoom meeting or class requires approximately 3.8 Mbps/3.0 Mbps (up/down).

[150] *See, e.g.,* Zoom, System Requirements for Windows, macOS, and Linux, *https://support.zoom.us/hc/en-us/articles/201362023-System-requirements-for-Windows-macOS-and-Linux#h_d278c327-e03d-4896-b19a-96a8f3c0c69c* (last visited May 8, 2021).

[151] By one estimate, to upload a one gigabit video file to YouTube would take 15 minutes at an upload speed of 10 Mbps compared with 1 minute, 30 seconds at an upload speed of 100 Mbps, and 30 seconds at an upload speed of 300 Mbps. *Reviews.org:* What is Symmetrical internet? (March 2020).

[152] OVBI: Covid-19 Drove 15 percent Increase in Broadband Traffic in 2020, OpenVault, Quarterly Advisory, (Feb. 10, 2021), *available at https://openvault.com/ovbi-covid-19-drove-51-increase-in-broadband-traffic-in-2020; See* OpenVault's data set incorporates information on usage by subscribers across multiple continents, including North America and Europe. Additional data and detail on increases in the amount of data users consume and the broadband speeds they are using is provided in *OpenVault Broadband Insights Report Q4,* Quarterly Advisory (Feb. 10, 2021), *available at https://openvault.com/complimentary-report-4q20/.*

[153] OVBI Special Report: 202 Upstream Growth Nearly 4X of Pre-Pandemic Years, OpenVault, Quarterly Advisory, (April 1, 20201), *available at https://openvault.com/ovbi-special-report-2020-upstream-growth-rate-nearly-4x-of-pre-pandemic-years/;* Additional data is provided in *OpenVault Broadband Insights Pandemic Impact on Upstream Broadband Usage and Network Capacity, available at https://openvault.com/upstream-whitepaper/.*

[154] Organisation for Economic Co-operation and Development, Fixed broadband subscriptions per 100 inhabitants, per speed tiers (June 2020), *https://www.oecd.org/sti/broadband/5.1-FixedBB-SpeedTiers-2020-06.xls www.oecd.org/sti/broadband/broadband-statistics.*

[155] *Rural Digital Opportunity Fund,* Report and Order, 35 FCC Rcd 686, 690, para. 9 (2020), *available at https://www.fcc.gov/document/fcc-launches-20-billion-rural-digital-opportunity-fund-0.*

[156] The BIPP was authorized by the Consolidated Appropriations Act, 2021, Section 905, Public Law 116–260, 134 Stat. 1182 (Dec. 27, 2020).

[157] Section 905(d)(4) of the Consolidated Appropriations Act, 2021.

[158] *Deployment Report, supra* note 142.

[159] *Rural Digital Opportunity Fund, supra* note 156.

with a download speed of not less than 25 Mbps download and 3 Mbps upload, among other conditions. In selecting an area to be served by a project, recipients are encouraged to avoid investing in locations that have existing agreements to build reliable wireline service with minimum speeds of 100 Mbps download and 20 Mbps upload by December 31, 2024, in order to avoid duplication of efforts and resources.

Recipients are also encouraged to consider ways to integrate affordability options into their program design. To meet the immediate needs of unserved and underserved households and businesses, recipients are encouraged to focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections. Treasury also encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives—providers with less pressure to turn profits and with a commitment to serving entire communities.

Under sections 602(c)(1)(A) and 603(c)(1)(A), assistance to households facing negative economic impacts due to COVID–19 is also an eligible use, including internet access or digital literacy assistance. As discussed above, in considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic.

Question 22: What are the advantages and disadvantages of setting minimum symmetrical download and upload speeds of 100 Mbps? What other minimum standards would be appropriate and why?

Question 23: Would setting such a minimum be impractical for particular types of projects? If so, where and on what basis should those projects be identified? How could such a standard be set while also taking into account the practicality of using this standard in particular types of projects? In addition to topography, geography, and financial factors, what other constraints, if any, are relevant to considering whether an investment is impracticable?

Question 24: What are the advantages and disadvantages of setting a minimum level of service at 100 Mbps download and 20 Mbps upload in projects where it is impracticable to set minimum symmetrical download and upload speeds of 100 Mbps? What are the advantages and disadvantages of setting a scalability requirement in these cases? What other minimum standards would be appropriate and why?

Question 25: What are the advantages and disadvantages of focusing these investments on those without access to a wireline connection that reliably delivers 25 Mbps download by 3 Mbps upload? Would another threshold be appropriate and why?

Question 26: What are the advantages and disadvantages of setting any particular threshold for identifying unserved or underserved areas, minimum speed standards or scalability minimum? Are there other standards that should be set (e.g., latency)? If so, why and how? How can such threshold, standards, or minimum be set in a way that balances the public's interest in making sure that reliable broadband services meeting the daily needs of all Americans are available throughout the country with the providing recipients flexibility to meet the varied needs of their communities?

III. Restrictions on Use

As discussed above, recipients have considerable flexibility to use Fiscal Recovery Funds to address the diverse needs of their communities. To ensure that payments from the Fiscal Recovery Funds are used for these congressionally permitted purposes, the ARPA includes two provisions that further define the boundaries of the statute's eligible uses. Section 602(c)(2)(A) of the Act provides that States and territories may not "use the funds . . . to either directly or indirectly offset a reduction in . . . net tax revenue . . . resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax . . . or delays the imposition of any tax or tax increase." In addition, sections 602(c)(2)(B) and 603(c)(2) prohibit any recipient, including cities, nonentitlement units of government, and counties, from using Fiscal Recovery Funds for deposit into any pension fund. These restrictions support the use of funds for the congressionally permitted purposes described in Section II of this Supplementary Information by providing a backstop against the use of funds for purposes outside of the eligible use categories.

These provisions give force to Congress's clear intent that Fiscal Recovery Funds be spent within the four eligible uses identified in the statute—(1) to respond to the public health emergency and its negative economic impacts, (2) to provide premium pay to essential workers, (3) to provide government services to the extent of eligible governments' revenue losses, and (4) to make necessary water, sewer, and broadband infrastructure investments—and not otherwise. These four eligible uses reflect Congress's judgment that the Fiscal Recovery Funds should be expended in particular ways that support recovery from the COVID–19 public health emergency. The further restrictions reflect Congress's judgment that tax cuts and pension deposits do not fall within these eligible uses. The interim final rule describes how Treasury will identify when such uses have occurred and how it will recoup funds put toward these impermissible uses and, as discussed in Section VIII of this **SUPPLEMENTARY INFORMATION**, establishes a reporting framework for monitoring the use of Fiscal Recovery Funds for eligible uses.

A. Deposit Into Pension Funds

The statute provides that recipients may not use Fiscal Recovery Funds for "deposit into any pension fund." For the reasons discussed below, Treasury interprets "deposit" in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both:

1. The payment reduces a liability incurred prior to the start of the COVID–19 public health emergency, and

2. the payment occurs outside the recipient's regular timing for making such payments.

Under this interpretation, a "deposit" is distinct from a "payroll contribution," which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees' wages and salaries.

As discussed above, eligible uses for premium pay and responding to the negative economic impacts of the COVID–19 public health emergency include hiring and compensating public sector employees. Interpreting the scope of "deposit" to exclude contributions that are part of payroll contributions is more consistent with these eligible uses and would reduce administrative burden for recipients. Accordingly, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds. For purposes of the Fiscal Recovery Funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans

(Federal and State), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes).

Treasury anticipates that this approach to employees' covered benefits will be comprehensive and, for employees whose wage and salary costs are eligible expenses, will allow all covered benefits listed in the previous paragraph to be eligible under the Fiscal Recovery Funds. Treasury expects that this will minimize the administrative burden on recipients by treating all the specified covered benefit types as eligible expenses, for employees whose wage and salary costs are eligible expenses.

Question 27: Beyond a "deposit" and a "payroll contribution," are there other types of payments into a pension fund that Treasury should consider?

B. Offset a Reduction in Net Tax Revenue

For States and territories (recipient governments [160]), section 602(c)(2)(A)—the offset provision—prohibits the use of Fiscal Recovery Funds to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation [161] during the covered period. If a State or territory uses Fiscal Recovery Funds to offset a reduction in net tax revenue, the ARPA provides that the State or territory must repay to the Treasury an amount equal to the lesser of (i) the amount of the applicable reduction attributable to the impermissible offset and (ii) the amount received by the State or territory under the ARPA. *See* Section IV of this **SUPPLEMENTARY INFORMATION**. As discussed below Section IV of this **SUPPLEMENTARY INFORMATION**, a State or territory that chooses to use Fiscal Recovery Funds to offset a reduction in net tax revenue does not forfeit its entire allocation of Fiscal Recovery Funds (unless it misused the full allocation to offset a reduction in net tax revenue) or any non-ARPA funding received.

The interim final rule implements these conditions by establishing a framework for States and territories to determine the cost of changes in law, regulation, or interpretation that reduce tax revenue and to identify and value the sources of funds that will offset—*i.e.*, cover the cost of—any reduction in net tax revenue resulting from such changes. A recipient government would only be considered to have used Fiscal Recovery Funds to offset a reduction in net tax revenue resulting from changes in law, regulation, or interpretation if, and to the extent that, the recipient government could not identify sufficient funds from sources other than the Fiscal Recovery Funds to offset the reduction in net tax revenue. If sufficient funds from other sources cannot be identified to cover the full cost of the reduction in net tax revenue resulting from changes in law, regulation, or interpretation, the remaining amount not covered by these sources will be considered to have been offset by Fiscal Recovery Funds, in contravention of the offset provision. The interim final rule recognizes three sources of funds that may offset a reduction in net tax revenue other than Fiscal Recovery Funds—organic growth, increases in revenue (*e.g.*, an increase in a tax rate), and certain cuts in spending.

In order to reduce burden, the interim final rule's approach also incorporates the types of information and modeling already used by States and territories in their own fiscal and budgeting processes. By incorporating existing budgeting processes and capabilities, States and territories will be able to assess and evaluate the relationship of tax and budget decisions to uses of the Fiscal Recovery Funds based on information they likely have or can obtain. This approach ensures that recipient governments have the information they need to understand the implications of their decisions regarding the use of the Fiscal Recovery Funds—and, in particular, whether they are using the funds to directly or indirectly offset a reduction in net tax revenue, making them potentially subject to recoupment.

Reporting on both the eligible uses and on a State's or territory's covered tax changes that would reduce tax revenue will enable identification of, and recoupment for, use of Fiscal Recovery Funds to directly offset reductions in tax revenue resulting from tax relief. Moreover, this approach recognizes that, because money is fungible, even if Fiscal Recovery Funds are not explicitly or directly used to cover the costs of changes that reduce net tax revenue, those funds may be used in a manner inconsistent with the statute by indirectly being used to substitute for the State's or territory's funds that would otherwise have been needed to cover the costs of the reduction. By focusing on the cost of changes that reduce net tax revenue—and how a recipient government is offsetting those reductions in constructing its budget over the covered period—the framework prevents efforts to use Fiscal Recovery Funds to indirectly offset reductions in net tax revenue for which the recipient government has not identified other offsetting sources of funding.

As discussed in greater detail below in this preamble, the framework set forth in the interim final rule establishes a step-by-step process for determining whether, and the extent to which, Fiscal Recovery Funds have been used to offset a reduction in net tax revenue. Based on information reported annually by the recipient government:

- First, each year, each recipient government will identify and value the changes in law, regulation, or interpretation that would result in a reduction in net tax revenue, as it would in the ordinary course of its budgeting process. The sum of these values in the year for which the government is reporting is the amount it needs to "pay for" with sources other than Fiscal Recovery Funds (total value of revenue reducing changes).
- Second, the interim final rule recognizes that it may be difficult to predict how a change would affect net tax revenue in future years and, accordingly, provides that if the total value of the changes in the year for which the recipient government is reporting is below a de minimis level, as discussed below, the recipient government need not identify any sources of funding to pay for revenue reducing changes and will not be subject to recoupment.
- Third, a recipient government will consider the amount of actual tax revenue recorded in the year for which they are reporting. If the recipient government's actual tax revenue is greater than the amount of tax revenue received by the recipient for the fiscal year ending 2019, adjusted annually for inflation, the recipient government will not be considered to have violated the offset provision because there will not have been a reduction in net tax revenue.
- Fourth, if the recipient government's actual tax revenue is less than the amount of tax revenue received by the recipient government for the fiscal year ending 2019, adjusted annually for inflation, in the reporting year the recipient government will identify any sources of funds that have been used to permissibly offset the total value of covered tax changes other than Fiscal Recovery Funds. These are:

○ State or territory tax changes that would increase any source of general

[160] In this sub-section, "recipient governments" refers only to States and territories. In other sections, "recipient governments" refers more broadly to eligible governments receiving funding from the Fiscal Recovery Funds.

[161] For brevity, referred to as "changes in law, regulation, or interpretation" for the remainder of this preamble.

fund revenue, such as a change that would increase a tax rate; and

○ Spending cuts in areas not being replaced by Fiscal Recovery Funds.

The recipient government will calculate the value of revenue reduction remaining after applying these sources of offsetting funding to the total value of revenue reducing changes—that, is, how much of the tax change has not been paid for. The recipient government will then compare that value to the difference between the baseline and actual tax revenue. A recipient government will not be required to repay to the Treasury an amount that is greater than the recipient government's actual tax revenue shortfall relative to the baseline (*i.e.*, fiscal year 2019 tax revenue adjusted for inflation). This "revenue reduction cap," together with Step 3, ensures that recipient governments can use organic revenue growth to offset the cost of revenue reductions.

• Finally, if there are any amounts that could be subject to recoupment, Treasury will provide notice to the recipient government of such amounts. This process is discussed in greater detail in Section IV of this **SUPPLEMENTARY INFORMATION.**

Together, these steps allow Treasury to identify the amount of reduction in net tax revenue that both is attributable to covered changes and has been directly or indirectly offset with Fiscal Recovery Funds. This process ensures Fiscal Recovery Funds are used in a manner consistent with the statute's defined eligible uses and the offset provision's limitation on these eligible uses, while avoiding undue interference with State and territory decisions regarding tax and spending policies.

The interim final rule also implements a process for recouping Fiscal Recovery Funds that were used to offset reductions in net tax revenue, including the calculation of any amounts that may be subject to recoupment, a process for a recipient government to respond to a notice of recoupment, and clarification regarding amounts excluded from recoupment. *See* Section IV of this **SUPPLEMENTARY INFORMATION.**

The interim final rule includes several definitions that are applicable to the implementation of the offset provision.

Covered change. The offset provision is triggered by a reduction in net tax revenue resulting from "a change in law, regulation, or administrative interpretation." A covered change includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule where the phase-in or taking effect was not prescribed prior to the start of the covered period. Changed administrative interpretations would not include corrections to replace prior inaccurate interpretations; such corrections would instead be treated as changes implementing legislation enacted or regulations issued prior to the covered period; the operative change in those circumstances is the underlying legislation or regulation that occurred prior to the covered period. Moreover, only the changes within the control of the State or territory are considered covered changes. Covered changes do not include a change in rate that is triggered automatically and based on statutory or regulatory criteria in effect prior to the covered period. For example, a state law that sets its earned income tax credit (EITC) at a fixed percentage of the Federal EITC will see its EITC payments automatically increase—and thus its tax revenue reduced—because of the Federal Government's expansion of the EITC in the ARPA.[162] This would not be considered a covered change. In addition, the offset provision applies only to actions for which the change in policy occurs during the covered period; it excludes regulations or other actions that implement a change or law substantively enacted prior to March 3, 2021. Finally, Treasury has determined and previously announced that income tax changes—even those made during the covered period—that simply conform with recent changes in Federal law (including those to conform to recent changes in Federal taxation of unemployment insurance benefits and taxation of loan forgiveness under the Paycheck Protection Program) are permissible under the offset provision.

Baseline. For purposes of measuring a reduction in net tax revenue, the interim final rule measures actual changes in tax revenue relative to a revenue baseline (baseline). The baseline will be calculated as fiscal year 2019 (FY 2019) tax revenue indexed for inflation in each year of the covered period, with inflation calculated using the Bureau of Economic Analysis's Implicit Price Deflator.[163]

FY 2019 was chosen as the starting year for the baseline because it is the last full fiscal year prior to the COVID–19 public health emergency.[164] This baseline year is consistent with the approach directed by the ARPA in sections 602(c)(1)(C) and 603(c)(1)(C), which identify the "most recent full fiscal year of the [State, territory, or Tribal government] prior to the emergency" as the comparator for measuring revenue loss. U.S. gross domestic product is projected to rebound to pre-pandemic levels in 2021,[165] suggesting that an FY 2019 pre-pandemic baseline is a reasonable comparator for future revenue levels. The FY 2019 baseline revenue will be adjusted annually for inflation to allow for direct comparison of actual tax revenue in each year (reported in nominal terms) to baseline revenue in common units of measurement; without inflation adjustment, each dollar of reported actual tax revenue would be worth less than each dollar of baseline revenue expressed in 2019 terms.

Reporting year. The interim final rule defines "reporting year" as a single year within the covered period, aligned to the current fiscal year of the recipient government during the covered period, for which a recipient government reports the value of covered changes and any sources of offsetting revenue increases ("in-year" value), regardless of when those changes were enacted. For the fiscal years ending in 2021 or 2025 (partial years), the term "reporting year" refers to the portion of the year falling within the covered period. For example, the reporting year for a fiscal year beginning July 2020 and ending June 2021 would be from March 3, 2021 to July 2021.

Tax revenue. The interim final rule's definition of "tax revenue" is based on the Census Bureau's definition of taxes, used for its Annual Survey of State Government Finances.[166] It provides a consistent, well-established definition with which States and territories will be familiar and is consistent with the approach taken in Section II.C of this **SUPPLEMENTARY INFORMATION** describing the implementation of sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, regarding revenue loss. Consistent with the approach described in Section II.C of this **SUPPLEMENTARY INFORMATION**, tax

[162] *See, e.g.*, Tax Policy Center, How do state earned income tax credits work?, *https://www.taxpolicycenter.org/briefing-book/how-do-state-earned-income-tax-credits-work/* (last visited May 9, 2021).

[163] U.S. Department of Commerce, Bureau of Economic Analysis, GDP Price Deflator, *https://www.bea.gov/data/prices-inflation/gdp-price-deflator* (last visited May 9, 2021).

[164] Using Fiscal Year 2019 is consistent with section 602 as Congress provided for using that baseline for determining the impact of revenue loss affecting the provision of government services. *See* section 602(c)(1)(C).

[165] Congressional Budget Office, An Overview of the Economic Outlook: 2021 to 2031 (February 1, 2021), *available at https://www.cbo.gov/publication/56965.*

[166] U.S. Census Bureau, Annual Survey of State and Local Government Finances Glossary, *https://www.census.gov/programs-surveys/state/about/glossary.html* (last visited Apr. 30, 2021).

revenue does not include revenue taxed and collected by a different unit of government (*e.g.*, revenue from taxes levied by a local government and transferred to a recipient government).

Framework. The interim final rule provides a step-by-step framework, to be used in each reporting year, to calculate whether the offset provision applies to a State's or territory's use of Fiscal Recovery Funds:

(1) *Covered changes that reduce tax revenue.* For each reporting year, a recipient government will identify and value covered changes that the recipient government predicts will have the effect of reducing tax revenue in a given reporting year, similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Further, estimation approaches should not use dynamic methodologies that incorporate the projected effects of macroeconomic growth because macroeconomic growth is accounted for separately in the framework. Relative to these dynamic scoring methodologies, scoring methodologies that do not incorporate projected effects of macroeconomic growth rely on fewer assumptions and thus provide greater consistency among States and territories. Dynamic scoring that incorporates macroeconomic growth may also increase the likelihood of underestimation of the cost of a reduction in tax revenue.

In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. This approach offers recipient governments the flexibility to determine their reporting methodology based on their existing budget scoring practices and capabilities. In addition, the approach of using the projected value of changes in law that enact fiscal policies to estimate the net effect of such policies is consistent with the way many States and territories already consider tax changes.[167]

(2) *In excess of the de minimis.* The recipient government will next calculate the total value of all covered changes in the reporting year resulting in revenue reductions, identified in Step 1. If the total value of the revenue reductions resulting from these changes is below the de minimis level, the recipient government will be deemed not to have any revenue-reducing changes for the purpose of determining the recognized net reduction. If the total is above the de minimis level, the recipient government must identify sources of in-year revenue to cover the full costs of changes that reduce tax revenue.

The de minimis level is calculated as 1 percent of the reporting year's baseline. Treasury recognizes that, pursuant to their taxing authority, States and territories may make many small changes to alter the composition of their tax revenues or implement other policies with marginal effects on tax revenues. They may also make changes based on projected revenue effects that turn out to differ from actual effects, unintentionally resulting in minor revenue changes that are not fairly described as "resulting from" tax law changes. The de minimis level recognizes the inherent challenges and uncertainties that recipient governments face, and thus allows relatively small reductions in tax revenue without consequence. Treasury determined the 1 percent level by assessing the historical effects of state-level tax policy changes in state EITCs implemented to effect policy goals other than reducing net tax revenues.[168] The 1 percent de minimis level reflects the historical reductions in revenue due to minor changes in state fiscal policies.

(3) *Safe harbor.* The recipient government will then compare the reporting year's actual tax revenue to the baseline. If actual tax revenue is greater than the baseline, Treasury will deem the recipient government not to have any recognized net reduction for the reporting year, and therefore to be in a safe harbor and outside the ambit of the offset provision. This approach is consistent with the ARPA, which contemplates recoupment of Fiscal Recovery Funds only in the event that such funds are used to offset a reduction in net tax revenue. If net tax revenue has not been reduced, this provision does not apply. In the event that actual tax revenue is above the baseline, the organic revenue growth that has occurred, plus any other revenue-raising changes, by definition must have been enough to offset the in-year costs of the covered changes.

(4) *Consideration of other sources of funding.* Next, the recipient government will identify and calculate the total value of changes that could pay for revenue reduction due to covered changes and sum these items. This amount can be used to pay for up to the total value of revenue-reducing changes in the reporting year. These changes consist of two categories:

(a) *Tax and other increases in revenue.* The recipient government must identify and consider covered changes in policy that the recipient government predicts will have the effect of increasing general revenue in a given reporting year. As when identifying and valuing covered changes that reduce tax revenue, the value of revenue-raising changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, aligned with the recipient government's existing approach for measuring the effects of fiscal policies, and measured relative to a current law baseline, or based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s). Further, and as discussed above, estimation approaches should not use dynamic scoring methodologies that incorporate the effects of macroeconomic growth because growth is accounted for separately under the interim final rule. In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. This approach offers recipient governments the flexibility to determine their reporting methodology based on their existing budget scoring practices and capabilities.

(b) *Covered spending cuts.* A recipient government also may cut spending in certain areas to pay for covered changes that reduce tax revenue, up to the amount of the recipient government's net reduction in total spending as described below. These changes must be reductions in government outlays not in an area where the recipient government has spent Fiscal Recovery Funds. To better align with existing reporting and accounting, the interim final rule considers the department, agency, or

[167] *See, e.g.*, Megan Randall & Kim Rueben, Tax Policy Center, Sustainable Budgeting in the States: Evidence on State Budget Institutions and Practices (Nov. 2017), *available at https://www.taxpolicycenter.org/sites/default/files/publication/149186/sustainable-budgeting-in-the-states_1.pdf.*

[168] Data provided by the Urban-Brookings Tax Policy Center for state-level EITC changes for 2004–2017.

authority from which spending has been cut and whether the recipient government has spent Fiscal Recovery Funds on that same department, agency, or authority. This approach was selected to allow recipient governments to report how Fiscal Recovery Funds have been spent using reporting units already incorporated into their budgeting process. If they have not spent Fiscal Recovery Funds in a department, agency, or authority, the full amount of the reduction in spending counts as a covered spending cut, up to the recipient government's net reduction in total spending. If they have, the Fiscal Recovery Funds generally would be deemed to have replaced the amount of spending cut and only reductions in spending above the amount of Fiscal Recovery Funds spent on the department, agency, or authority would count.

To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient government must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). This approach ensures that reported spending cuts actually create fiscal space, rather than simply offsetting other spending increases. A net reduction in total spending is measured as the difference between total spending in each reporting year, excluding Fiscal Recovery Funds spent, relative to total spending for the recipient's fiscal year ending in 2019, adjusted for inflation. Measuring reductions in spending relative to 2019 reflects the fact that the fiscal space created by a spending cut persists so long as spending remains below its original level, even if it does not decline further, relative to the same amount of revenue. Measuring spending cuts from year to year would, by contrast, not recognize any available funds to offset revenue reductions unless spending continued to decline, failing to reflect the actual availability of funds created by a persistent change and limiting the discretion of States and territories. In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Treasury chose this approach because while many recipient governments may score budget legislation using projections, spending cuts are readily observable using actual values.

This approach—allowing only spending reductions in areas where the recipient government has not spent Fiscal Recovery Funds to be used as an offset for a reduction in net tax revenue—aims to prevent recipient governments from using Fiscal Recovery Funds to supplant State or territory funding in the eligible use areas, and then use those State or territory funds to offset tax cuts. Such an approach helps ensure that Fiscal Recovery Funds are not used to "indirectly" offset revenue reductions due to covered changes.

In order to help ensure recipient governments use Fiscal Recovery Funds in a manner consistent with the prescribed eligible uses and do not use Fiscal Recovery Funds to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury will monitor changes in spending throughout the covered period. If, over the course of the covered period, a spending cut is subsequently replaced with Fiscal Recovery Funds and used to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury may consider such change to be an evasion of the restrictions of the offset provision and seek recoupment of such amounts.

(5) *Identification of amounts subject to recoupment.* If a recipient government (i) reports covered changes that reduce tax revenue (Step 1); (ii) to a degree greater than the de minimis (Step 2); (iii) has experienced a reduction in net tax revenue (Step 3); and (iv) lacks sufficient revenue from other, permissible sources to pay for the entirety of the reduction (Step 4), then the recipient government will be considered to have used Fiscal Recovery Funds to offset a reduction in net tax revenue, up to the amount that revenue has actually declined. That is, the maximum value of reduction in revenue due to covered changes which a recipient government must cover is capped at the difference between the baseline and actual tax revenue.[169] In the event that the baseline is above actual tax revenue and the difference between them is less than the sum of revenue reducing changes that are not paid for with other, permissible sources, organic revenue growth has implicitly offset a portion of the reduction. For example, if a recipient government reduces tax revenue by $1 billion, makes no other changes, and experiences revenue growth driven by organic economic growth worth $500 million, it need only pay for the remaining $500 million with sources other than Fiscal Recovery Funds. The revenue reduction cap implements this approach for permitting organic revenue growth to cover the cost of tax cuts.

Finally, as discussed further in Section IV of this **SUPPLEMENTARY INFORMATION**, a recipient government may request reconsideration of any amounts identified as subject to recoupment under this framework. This process ensures that all relevant facts and circumstances, including information regarding planned spending cuts and budgeting assumptions, are considered prior to a determination that an amount must be repaid. Amounts subject to recoupment are calculated on an annual basis; amounts recouped in one year cannot be returned if the State or territory subsequently reports an increase in net tax revenue.

To facilitate the implementation of the framework above, and in addition to reporting required on eligible uses, in each year of the reporting period, each State and territory will report to Treasury the following items:

- Actual net tax revenue for the reporting year;
- Each revenue-reducing change made to date during the covered period and the in-year value of each change;
- Each revenue-raising change made to date during the covered period and the in-year value of each change;
- Each covered spending cut made to date during the covered period, the in-year value of each cut, and documentation demonstrating that each spending cut is covered as prescribed under the interim final rule;

Treasury will provide additional guidance and instructions the reporting requirements at a later date.

Question 28: Does the interim final rule's definition of tax revenue accord with existing State and territorial practice and, if not, are there other definitions or elements Treasury should consider? Discuss why or why not.

Question 29: The interim final rule permits certain spending cuts to cover the costs of reductions in tax revenue, including cuts in a department, agency, or authority in which the recipient government is not using Fiscal Recovery Funds. How should Treasury and recipient governments consider the scope of a department, agency, or authority for the use of funds to ensure spending cuts are not being substituted with Fiscal Recovery Funds while also avoiding an overbroad definition of that captures spending that is, in fact, distinct?

Question 30: Discuss the budget scoring methodologies currently used by States and territories. How should the interim final rule take into consideration differences in approaches? Please discuss the use of

[169] This cap is applied in § 35.8(c) of the interim final rule, calculating the amount of funds used in violation of the tax offset provision.

practices including but not limited to macrodynamic scoring, microdynamic scoring, and length of budget windows.

Question 31: If a recipient government has a balanced budget requirement, how will that requirement impact its use of Fiscal Recovery Funds and ability to implement this framework?

Question 32: To implement the framework described above, the interim final rule establishes certain reporting requirements. To what extent do recipient governments already produce this information and on what timeline? Discuss ways that Treasury and recipient governments may better rely on information already produced, while ensuring a consistent application of the framework.

Question 33: Discuss States' and territories' ability to produce the figures and numbers required for reporting under the interim final rule. What additional reporting tools, such as a standardized template, would facilitate States' and territories' ability to complete the reporting required under the interim final rule?

C. Other Restrictions on Use

Payments from the Fiscal Recovery Funds are also subject to pre-existing limitations provided in other Federal statutes and regulations and may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, payments from the Fiscal Recovery Funds may not be used to satisfy the State share of Medicaid.[170]

As provided for in the award terms, payments from the Fiscal Recovery Funds as a general matter will be subject to the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200) (the Uniform Guidance), including the cost principles and restrictions on general provisions for selected items of cost.

D. Timeline for Use of Fiscal Recovery Funds

Section 602(c)(1) and section 603(c)(1) require that payments from the Fiscal Recovery Funds be used only to cover costs incurred by the State, territory, Tribal government, or local government by December 31, 2024. Similarly, the CARES Act provided that payments from the CRF be used to cover costs incurred by December 31, 2021.[171] The definition of "incurred" does not have a clear meaning. With respect to the CARES Act, on the understanding that the CRF was intended to be used to meet relatively short-term needs, Treasury interpreted this requirement to mean that, for a cost to be considered to have been incurred, performance of the service or delivery of the goods acquired must occur by December 31, 2021. In contrast, the ARPA, passed at a different stage of the COVID–19 public health emergency, was intended to provide more general fiscal relief over a broader timeline. In addition, the ARPA expressly permits the use of Fiscal Recovery Funds for improvements to water, sewer, and broadband infrastructure, which entail a longer timeframe. In recognition of this, Treasury is interpreting the requirement in section 602 and section 603 that costs be incurred by December 31, 2024, to require only that recipients have obligated the Fiscal Recovery Funds by such date. The interim final rule adopts a definition of "obligation" that is based on the definition used for purposes of the Uniform Guidance, which will allow for uniform administration of this requirement and is a definition with which most recipients will be familiar.

Payments from the Fiscal Recovery Funds are grants provided to recipients to mitigate the fiscal effects of the COVID–19 public health emergency and to respond to the public health emergency, consistent with the eligible uses enumerated in sections 602(c)(1) and 603(c)(1).[172] As such, these funds are intended to provide economic stimulus in areas still recovering from the economic effects of the pandemic. In implementing and interpreting these provisions, including what it means to "respond to" the COVID–19 public health emergency, Treasury takes into consideration pre-pandemic facts and circumstances (*e.g.*, average revenue growth prior to the pandemic) as well as impact of the pandemic that predate the enactment of the ARPA (*e.g.*, replenishing Unemployment Trust balances drawn during the pandemic). While assessing the effects of the COVID–19 public health emergency necessarily takes into consideration the facts and circumstances that predate the ARPA, use of Fiscal Recovery Funds is forward looking.

As discussed above, recipients are permitted to use payments from the Fiscal Recovery Funds to respond to the public health emergency, to respond to workers performing essential work by providing premium pay or providing grants to eligible employers, and to make necessary investments in water, sewer, or broadband infrastructure, which all relate to prospective uses. In addition, sections 602(c)(1)(C) and 603(c)(1)(C) permit recipients to use Fiscal Recovery Funds for the provision of government services. This clause provides that the amount of funds that may be used for this purpose is measured by reference to the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year, but this reference does not relate to the period during which recipients may use the funds, which instead refers to prospective uses, consistent with the other eligible uses.

Although as discussed above the eligible uses of payments from the Fiscal Recovery Funds are all prospective in nature, Treasury considers the beginning of the covered period for purposes of determining compliance with section 602(c)(2)(A) to be the relevant reference point for this purpose. The interim final rule thus permits funds to be used to cover costs incurred beginning on March 3, 2021. This aligns the period for use of Fiscal Recovery Funds with the period during which these funds may not be used to offset reductions in net tax revenue. Permitting Fiscal Recovery Funds to be used to cover costs incurred beginning on this date will also mean that recipients that began incurring costs in the anticipation of enactment of the ARPA and in advance of the issuance of this rule and receipt of payment from the Fiscal Recovery Funds would be able to cover them using these payments.[173]

As set forth in the award terms, the period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with payments from the Fiscal Recovery Funds.

IV. Recoupment Process

Under the ARPA, failure to comply with the restrictions on use contained in sections 602(c) and 603(c) of the Act may result in recoupment of funds.[174] The interim final rule implements these provisions by establishing a process for recoupment.

Identification and Notice of Violations. Failure to comply with the restrictions on use will be identified based on reporting provided by the

[170] *See* 42 CFR 433.51 and 45 CFR 75.306.

[171] Section 1001 of Division N of the Consolidated Appropriations Act, 2021 amended section 601(d)(3) of the Act by extending the end of the covered period for CRF expenditures from December 30, 2020 to December 31, 2021.

[172] Sections 602(a), 603(a), 602(c)(1) and 603(c)(1) of the Act.

[173] Given the nature of this program, recipients will not be permitted to use funds to cover pre-award costs, *i.e.*, those incurred prior to March 3, 2021.

[174] Sections 602(e) and 603(e) of the Act.

recipient. As discussed further in Sections III.B and VIII of this **SUPPLEMENTARY INFORMATION**, Treasury will collect information regarding eligible uses on a quarterly basis and on the tax offset provision on an annual basis. Treasury also may consider other information in identifying a violation, such as information provided by members of the public. If Treasury identifies a violation, it will provide written notice to the recipient along with an explanation of such amounts.

Request for Reconsideration. Under the interim final rule, a recipient may submit a request for reconsideration of any amounts identified in the notice provided by Treasury. This reconsideration process provides a recipient the opportunity to submit additional information it believes supports its request in light of the notice of recoupment, including, for example, additional information regarding the recipient's use of Fiscal Recovery Funds or its tax revenues. The process also provides the Secretary with an opportunity to consider all information relevant to whether a violation has occurred, and if so, the appropriate amount for recoupment.

The interim final rule also establishes requirements for the timing of a request for reconsideration. Specifically, if a recipient wishes to request reconsideration of any amounts identified in the notice, the recipient must submit a written request for reconsideration to the Secretary within 60 calendar days of receipt of such notice. The request must include an explanation of why the recipient believes that the finding of a violation or recoupable amount identified in the notice of recoupment should be reconsidered. To facilitate the Secretary's review of a recipient's request for reconsideration, the request should identify all supporting reasons for the request. Within 60 calendar days of receipt of the recipient's request for reconsideration, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment. Such notification will include an explanation of the decision, including responses to the recipient's supporting reasons and consideration of additional information provided.

The process and timeline established by the interim final rule are intended to provide the recipient with an adequate opportunity to fully present any issues or arguments in response to the notice of recoupment.[175] This process will allow the Secretary to respond to the issues and considerations raised in the request for reconsideration taking into account the information and arguments presented by the recipient along with any other relevant information.

Repayment. Finally, the interim final rule provides that any amounts subject to recoupment must be repaid within 120 calendar days of receipt of any final notice of recoupment or, if the recipient has not requested reconsideration, within 120 calendar days of the initial notice provided by the Secretary.

Question 34: Discuss the timeline for requesting reconsideration under the interim final rule. What, if any, challenges does this timeline present?

V. Payments in Tranches to Local Governments and Certain States

Section 603 of the Act provides that the Secretary will make payments to local governments in two tranches, with the second tranche being paid twelve months after the first payment. In addition, section 602(b)(6)(A)(ii) provides that the Secretary may withhold payment of up to 50 percent of the amount allocated to each State and territory for a period of up to twelve months from the date on which the State or territory provides its certification to the Secretary. Any such withholding for a State or territory is required to be based on the unemployment rate in the State or territory as of the date of the certification.

The Secretary has determined to provide in this interim final rule for withholding of 50 percent of the amount of Fiscal Recovery Funds allocated to all States (and the District of Columbia) other than those with an unemployment rate that is 2.0 percentage points or more above its pre-pandemic (*i.e.*, February 2020) level. The Secretary will refer to the latest available monthly data from the Bureau of Labor Statistics as of the date the certification is provided. Based on data available at the time of public release of this interim final rule, this threshold would result in a majority of States being paid in two tranches.

Splitting payments for the majority of States is consistent with the requirement in section 603 of the Act to make payments from the Coronavirus Local Fiscal Recovery Fund to local governments in two tranches.[176] Splitting payments to States into two tranches will help encourage recipients to adapt, as necessary, to new developments that could arise over the coming twelve months, including potential changes to the nature of the public health emergency and its negative economic impacts. While the U.S. economy has been recovering and adding jobs in aggregate, there is still considerable uncertainty in the economic outlook and the interaction between the pandemic and the economy.[177] For these reasons, Treasury believes it will be appropriate for a majority of recipients to adapt their plans as the recovery evolves. For example, a faster-than-expected economic recovery in 2021 could lead a recipient to dedicate more Fiscal Recovery Funds to longer-term investments starting in 2022. In contrast, a slower-than-expected economic recovery in 2021 could lead a recipient to use additional funds for near-term stimulus in 2022.

At the same time, the statute contemplates the possibility that elevated unemployment in certain States could justify a single payment. Elevated unemployment is indicative of a greater need to assist unemployed workers and stimulate a faster economic recovery. For this reason, the interim final rule provides that States and territories with an increase in their unemployment rate over a specified threshold may receive a single payment, with the expectation that a single tranche will better enable these States and territories to take additional immediate action to aid the unemployed and strengthen their economies.

Following the initial pandemic-related spike in unemployment in 2020, States' unemployment rates have been trending back towards pre-pandemic levels. However, some States' labor markets are healing more slowly than others. Moreover, States varied widely in their pre-pandemic levels of unemployment, and some States remain substantially further from their pre-

[175] The interim final rule also provides that Treasury may extend any deadlines.

[176] With respect to Federal financial assistance more generally, States are subject to the requirements of the Cash Management Improvement Act (CMIA), under which Federal funds are drawn upon only on an as needed basis and States are required to remit interest on unused balances to Treasury. Given the statutory requirement for Treasury to make payments to States within a certain period, these requirements of the CMIA and Treasury's implementing regulations at 31 CFR part 205 will not apply to payments from the Fiscal Recovery Funds. Providing funding in two tranches to the majority of States reflects, to the maximum extent permitted by section 602 of the Act, the general principles of Federal cash management and stewardship of Federal funding, yet will be much less restrictive than the usual requirements to which States are subject.

[177] The potential course of the virus, and its impact on the economy, has contributed to a heightened degree of uncertainty relative to prior periods. *See, e.g.*, Dave Altig et al., Economic uncertainty before and during the COVID–19 pandemic, J. of Public Econ. (Nov. 2020), *available at https://www.sciencedirect.com/science/article/abs/pii/S0047272720301389.*

pandemic starting point. Consequently, Treasury is delineating States with significant remaining elevation in the unemployment rate, based on the net difference to pre-pandemic levels.

Treasury has established that significant remaining elevation in the unemployment rate is a net change in the unemployment rate of 2.0 percentage points or more relative to pre-pandemic levels. In the four previous recessions going back to the early 1980s, the national unemployment rate rose by 3.6, 2.3, 2.0, and 5.0 percentage points, as measured from the start of the recession to the eventual peak during or immediately following the recession.[178] Each of these increases can therefore represent a recession's impact on unemployment. To identify States with significant remaining elevation in unemployment, Treasury took the lowest of these four increases, 2.0 percentage points, to indicate states where, despite improvement in the unemployment rate, current labor market conditions are consistent still with a historical benchmark for a recession.

No U.S. territory will be subject to withholding of its payment from the Fiscal Recovery Funds. For Puerto Rico, the Secretary has determined that the current level of the unemployment rate (8.8 percent, as of March 2021 [179]) is sufficiently high such that Treasury should not withhold any portion of its payment from the Fiscal Recovery Funds regardless of its change in unemployment rate relative to its pre-pandemic level. For U.S. territories that are not included in the Bureau of Labor Statistics' monthly unemployment rate data, the Secretary will not exercise the authority to withhold amounts from the Fiscal Recovery Funds.

VI. Transfer

The statute authorizes State, territorial, and Tribal governments; counties; metropolitan cities; and nonentitlement units of local government (counties, metropolitan cities, and nonentitlement units of local government are collectively referred to as "local governments") to transfer amounts paid from the Fiscal Recovery Funds to a number of specified entities. By permitting these transfers, Congress recognized the importance of providing flexibility to governments seeking to achieve the greatest impact with their funds, including by working with other levels or units of government or private entities to assist recipient governments in carrying out their programs. This includes special-purpose districts that perform specific functions in the community, such as fire, water, sewer, or mosquito abatement districts.

Specifically, under section 602(c)(3), a State, territory, or Tribal government may transfer funds to a "private nonprofit organization . . . a Tribal organization . . . a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government." [180] Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations).

The interim final rule clarifies that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive. The interim final rule permits State, territorial, and Tribal governments to transfer Fiscal Recovery Funds to other constituent units of government or private entities beyond those specified in the statute. Similarly, local governments are authorized to transfer Fiscal Recovery Funds to other constituent units of government (*e.g.*, a county is able to transfer Fiscal Recovery Funds to a city, town, or school district within it) or to private entities. This approach is intended to help provide funding to local governments with needs that may exceed the allocation provided under the statutory formula.

State, local, territorial, and Tribal governments that receive a Federal award directly from a Federal awarding agency, such as Treasury, are "recipients." A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be a subrecipient. Subrecipients are entities that receive a subaward from a recipient to carry out a program or project on behalf of the recipient with the recipient's Federal award funding. The recipient remains responsible for monitoring and overseeing the subrecipient's use of Fiscal Recovery Funds and other activities related to the award to ensure that the subrecipient complies with the statutory and regulatory requirements and the terms and conditions of the award. Recipients also remain responsible for reporting to Treasury on their subrecipients' use of payments from the Fiscal Recovery Funds for the duration of the award.

Transfers under sections 602(c)(3) and 603(c)(3) must qualify as an eligible use of Fiscal Recovery Funds by the transferor. Once Fiscal Recovery Funds are received, the transferee must abide by the restrictions on use applicable to the transferor under the ARPA and other applicable law and program guidance. For example, if a county transferred Fiscal Recovery Funds to a town within its borders to respond to the COVID–19 public health emergency, the town would be bound by the eligible use requirements applicable to the county in carrying out the county's goal. This also means that county A may not transfer Fiscal Recovery Funds to county B for use in county B because such a transfer would not, from the perspective of the transferor (county A), be an eligible use in county A.

Section 603(c)(4) separately provides for transfers by a local government to its State or territory. A transfer under section 603(c)(4) will not make the State a subrecipient of the local government, and such Fiscal Recovery Funds may be used by the State for any purpose permitted under section 602(c). A transfer under section 603(c)(4) will result in a cancellation or termination of the award on the part of the transferor local government and a modification of the award to the transferee State or territory. The transferor must provide notice of the transfer to Treasury in a format specified by Treasury. If the local government does not provide such notice, it will remain legally obligated to Treasury under the award and remain responsible for ensuring that the awarded Fiscal Recovery Funds are being used in accordance with the statute and program guidance and for reporting on such uses to Treasury. A State that receives a transfer from a local government under section 603(c)(4) will be bound by all of the use restrictions set forth in section 602(c) with respect to the use of those Fiscal Recovery Funds, including the prohibitions on use of such Fiscal Recovery Funds to offset certain reductions in taxes or to make deposits into pension funds.

Question 35: What are the advantages and disadvantages of treating the list of transferees in sections 602(c)(3) and 603(c)(3) as nonexclusive, allowing States and localities to transfer funds to entities outside of the list?

Question 36: Are there alternative ways of defining "special-purpose unit of State or local government" and

[178] Includes the period during and immediately following recessions, as defined by the National Bureau of Economic Research. National Bureau of Economic Research, US Business Cycle Expansions and Contractions, *https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions* (last visited Apr. 27, 2021). Based on data from U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/UNRATE* (last visited Apr. 27, 2021).

[179] U.S. Bureau of Labor Statistics, Economic News Release—Table 1. Civilian labor force and unemployment by state and selected area, seasonally adjusted, *https://www.bls.gov/news.release/laus.t01.htm* (last visited Apr. 30, 2021).

[180] Section 602(c)(3) of the Act.

"public benefit corporation" that would better further the aims of the Funds?

VII. Nonentitlement Units of Government

The Fiscal Recovery Funds provides for $19.53 billion in payments to be made to States and territories which will distribute the funds to nonentitlement units of local government (NEUs); local governments which generally have populations below 50,000. These local governments have not yet received direct fiscal relief from the Federal Government during the COVID–19 public health emergency, making Fiscal Recovery Funds payments an important source of support for their public health and economic responses. Section 603 requires Treasury to allocate and pay Fiscal Recovery Funds to the States and territories and requires the States and territories to distribute Fiscal Recovery Funds to NEUs based on population within 30 days of receipt unless an extension is granted by the Secretary. The interim final rule clarifies certain aspects regarding the distribution of Fiscal Recovery by States and territories to NEUs, as well as requirements around timely payments from the Fiscal Recovery Funds.

The ARPA requires that States and territories allocate funding to NEUs in an amount that bears the same proportion as the population of the NEU bears to the total population of all NEUs in the State or territory, subject to a cap (described below). Because the statute requires States and territories to make distributions based on population, States and territories may not place additional conditions or requirements on distributions to NEUs, beyond those required by the ARPA and Treasury's implementing regulations and guidance. For example, a State may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on an NEU's use of Fiscal Recovery Funds based on the NEU's proposed spending plan or other policies. States and territories are also not permitted to offset any debt owed by the NEU against the NEU's distribution. Further, States and territories may not provide funding on a reimbursement basis—*e.g.,* requiring NEUs to pay for project costs up front before being reimbursed with Fiscal Recovery Funds payments—because this funding model would not comport with the statutory requirement that States and territories make distributions to NEUs within the statutory timeframe.

Similarly, States and territories distributing Fiscal Recovery Funds payments to NEUs are responsible for complying with the Fiscal Recovery Funds statutory requirement that distributions to NEUs not exceed 75 percent of the NEU's most recent budget. The most recent budget is defined as the NEU's most recent annual total operating budget, including its general fund and other funds, as of January 27, 2020. Amounts in excess of such cap and therefore not distributed to the NEU must be returned to Treasury by the State or territory. States and territories may rely for this determination on a certified top-line budget total from the NEU.

Under the interim final rule, the total allocation and distribution to an NEU, including the sum of both the first and second tranches of funding, cannot exceed the 75 percent cap. States and territories must permit NEUs without formal budgets as of January 27, 2020 to self-certify their most recent annual expenditures as of January 27, 2020 for the purpose of calculating the cap. This approach will provide an administrable means to implement the cap for small local governments that do not adopt a formal budget.

Section 603(b)(3) of the Social Security Act provides for Treasury to make payments to counties but provides that, in the case of an amount to be paid to a county that is not a unit of general local government, the amount shall instead be paid to the State in which such county is located, and such State shall distribute such amount to each unit of general local government within such county in an amount that bears the same proportion to the amount to be paid to such county as the population of such units of general local government bears to the total population of such county. As with NEUs, States may not place additional conditions or requirements on distributions to such units of general local government, beyond those required by the ARPA and Treasury's implementing regulations and guidance.

In the case of consolidated governments, section 603(b)(4) allows consolidated governments (*e.g.,* a city-county consolidated government) to receive payments under each allocation based on the respective formulas. In the case of a consolidated government, Treasury interprets the budget cap to apply to the consolidated government's NEU allocation under section 603(b)(2) but not to the consolidated government's county allocation under section 603(b)(3).

If necessary, States and territories may use the Fiscal Recovery Funds under section 602(c)(1)(A) to fund expenses related to administering payments to NEUs and units of general local government, as disbursing these funds itself is a response to the public health emergency and its negative economic impacts. If a State or territory requires more time to disburse Fiscal Recovery Funds to NEUs than the allotted 30 days, Treasury will grant extensions of not more than 30 days for States and territories that submit a certification in writing in accordance with section 603(b)(2)(C)(ii)(I). Additional extensions may be granted at the discretion of the Secretary.

Question 37: What are alternative ways for States and territories to enforce the 75 percent cap while reducing the administrative burden on them?

Question 38: What criteria should Treasury consider in assessing requests for extensions for further time to distribute NEU payments?

VIII. Reporting

States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report and thereafter quarterly Project and Expenditure reports through the end of the award period on December 31, 2026. The interim report will include a recipient's expenditures by category at the summary level from the date of award to July 31, 2021 and, for States and territories, information related to distributions to nonentitlement units. Recipients must submit their interim report to Treasury by August 31, 2021. Nonentitlement units of local government are not required to submit an interim report.

The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds. The reports will include the same general data (*e.g.,* on obligations, expenditures, contracts, grants, and subawards) as those submitted by recipients of the CRF, with some modifications. Modifications will include updates to the expenditure categories and the addition of data elements related to specific eligible uses, including some of the reporting elements described in sections above. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021, and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Nonentitlement units of local government will be required to submit

annual Project and Expenditure reports until the end of the award period on December 31, 2026. The initial annual Project and Expenditure report for nonentitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance report to Treasury. The Recovery Plan Performance report will provide the public and Treasury information on the projects that recipients are undertaking with program funding and how they are planning to ensure project outcomes are achieved in an effective, efficient, and equitable manner. Each jurisdiction will have some flexibility in terms of the form and content of the Recovery Plan Performance report, as long as it includes the minimum information required by Treasury. The Recovery Plan Performance report will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury, as well as programmatic data in specific eligible use categories and the specific reporting requirements described in the sections above. The initial Recovery Plan Performance report will cover the period from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, Recovery Plan Performance reports will cover a 12-month period, and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance report will cover the period from July 1, 2021 to June 30, 2022, and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and nonentitlement units of local government are not required to develop a Recovery Plan Performance report.

Treasury will provide additional guidance and instructions on the reporting requirements outlined above for the Fiscal Recovery Funds at a later date.

IX. Comments and Effective Date

This interim final rule is being issued without advance notice and public comment to allow for immediate implementation of this program. As discussed below, the requirements of advance notice and public comment do not apply "to the extent that there is involved . . . a matter relating to agency . . . grants." [181] The interim final rule implements statutory conditions on the eligible uses of the Fiscal Recovery Funds grants, and addresses the payment of those funds, the reporting on uses of funds, and potential consequences of ineligible uses. In addition and as discussed below, the Administrative Procedure Act also provides an exception to ordinary notice-and-comment procedures "when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." [182] This good cause justification also supports waiver of the 60-day delayed effective date for major rules under the Congressional Review Act at 5 U.S.C. 808(2). Although this interim final rule is effective immediately, comments are solicited from interested members of the public and from recipient governments on all aspects of the interim final rule.

These comments must be submitted on or before July 16, 2021.

X. Regulatory Analyses

Executive Orders 12866 and 13563

This interim final rule is economically significant for the purposes of Executive Orders 12866 and 13563. Treasury, however, is proceeding under the emergency provision at Executive Order 12866 section 6(a)(3)(D) based on the need to act expeditiously to mitigate the current economic conditions arising from the COVID–19 public health emergency. The rule has been reviewed by the Office of Management and Budget (OMB) in accordance with Executive Order 12866. This rule is necessary to implement the ARPA in order to provide economic relief to State, local, and Tribal governments adversely impacted by the COVID–19 public health emergency.

Under Executive Order 12866, OMB must determine whether this regulatory action is "significant" and, therefore, subject to the requirements of the Executive Order and subject to review by OMB. Section 3(f) of Executive Order 12866 defines a significant regulatory action as an action likely to result in a rule that may:

(1) Have an annual effect on the economy of $100 million or more, or adversely affect a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or Tribal governments or communities in a material way (also referred to as "economically significant" regulations);

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles stated in the Executive order.

This regulatory action is an economically significant regulatory action subject to review by OMB under section 3(f) of Executive Order 12866. Treasury has also reviewed these regulations under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, section 1(b) of Executive Order 13563 requires that an agency:

(1) Propose or adopt regulations only upon a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives taking into account, among other things, and to the extent practicable, the costs of cumulative regulations;

(3) Select, in choosing among alternative regulatory approaches, those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including providing economic incentives—such as user fees or marketable permits—to encourage the desired behavior, or providing information that enables the public to make choices.

Executive Order 13563 also requires an agency "to use the best available

[181] 5 U.S.C. 553(a)(2).

[182] 5 U.S.C. 553(b)(3)(B); *see also* 5 U.S.C. 553(d)(3) (creating an exception to the requirement of a 30-day delay before the effective date of a rule "for good cause found and published with the rule").

techniques to quantify anticipated present and future benefits and costs as accurately as possible." OMB's Office of Information and Regulatory Affairs (OIRA) has emphasized that these techniques may include "identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes."

Treasury has assessed the potential costs and benefits, both quantitative and qualitative, of this regulatory action, and is issuing this interim final rule only on a reasoned determination that the benefits exceed the costs. In choosing among alternative regulatory approaches, Treasury selected those approaches that would maximize net benefits. Based on the analysis that follows and the reasons stated elsewhere in this document, Treasury believes that this interim final rule is consistent with the principles set forth in Executive Order 13563.

Treasury also has determined that this regulatory action does not unduly interfere with States, territories, Tribal governments, and localities in the exercise of their governmental functions.

This Regulatory Impact Analysis discusses the need for regulatory action, the potential benefits, and the potential costs.

Need for Regulatory Action. This interim final rule implements the $350 billion Fiscal Recovery Funds of the ARPA, which Congress passed to help States, territories, Tribal governments, and localities respond to the ongoing COVID–19 public health emergency and its economic impacts. As the agency charged with execution of these programs, Treasury has concluded that this interim final rule is needed to ensure that recipients of Fiscal Recovery Funds fully understand the requirements and parameters of the program as set forth in the statute and deploy funds in a manner that best reflects Congress' mandate for targeted fiscal relief.

This interim final rule is primarily a transfer rule: It transfers $350 billion in aid from the Federal Government to states, territories, Tribal governments, and localities, generating a significant macroeconomic effect on the U.S. economy. In making this transfer, Treasury has sought to implement the program in ways that maximize its potential benefits while minimizing its costs. It has done so by aiming to target relief in key areas according to the congressional mandate; offering clarity to States, territories, Tribal governments, and localities while maintaining their flexibility to respond to local needs; and limiting administrative burdens.

Analysis of Benefits. Relative to a pre-statutory baseline, the Fiscal Recovery Funds provide a combined $350 billion to State, local, and Tribal governments for fiscal relief and support for costs incurred responding to the COVID–19 pandemic. Treasury believes that this transfer will generate substantial additional economic activity, although given the flexibility accorded to recipients in the use of funds, it is not possible to precisely estimate the extent to which this will occur and the timing with which it will occur. Economic research has demonstrated that state fiscal relief is an efficient and effective way to mitigate declines in jobs and output during an economic downturn.[183] Absent such fiscal relief, fiscal austerity among State, local, and Tribal governments could exert a prolonged drag on the overall economic recovery, as occurred following the 2007–09 recession.[184]

This interim final rule provides benefits across several areas by implementing the four eligible funding uses, as defined in statute: Strengthening the response to the COVID–19 public health emergency and its economic impacts; easing fiscal pressure on State, local, and Tribal governments that might otherwise lead to harmful cutbacks in employment or government services; providing premium pay to essential workers; and making necessary investments in certain types of infrastructure. In implementing the ARPA, Treasury also sought to support disadvantaged communities that have been disproportionately impacted by the pandemic. The Fiscal Recovery Funds as implemented by the interim final rule can be expected to channel resources toward these uses in order to achieve substantial near-term economic and public health benefits, as well as longer-term benefits arising from the allowable investments in water, sewer, and broadband infrastructure and aid to families.

These benefits are achieved in the interim final rule through a broadly flexible approach that sets clear guidelines on eligible uses of Fiscal Recovery Funds and provides State, local, and Tribal government officials discretion within those eligible uses to direct Fiscal Recovery Funds to areas of greatest need within their jurisdiction. While preserving recipients' overall flexibility, the interim final rule includes several provisions that implement statutory requirements and will help support use of Fiscal Recovery Funds to achieve the intended benefits. The remainder of this section clarifies how Treasury's approach to key provisions in the interim final rule will contribute to greater realization of benefits from the program.

- *Revenue Loss:* Recipients will compute the extent of reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have plausibly been expected to occur in the absence of the pandemic. The counterfactual trend begins with the last full fiscal year prior to the public health emergency (as required by statute) and projects forward with an annualized growth adjustment. Treasury's decision to incorporate a growth adjustment into the calculation of revenue loss ensures that the formula more fully captures revenue shortfalls relative to recipients' pre-pandemic expectations. Moreover, recipients will have the opportunity to re-calculate revenue loss at several points throughout the program, recognizing that some recipients may experience revenue effects with a lag. This option to re-calculate revenue loss on an ongoing basis should result in more support for recipients to avoid harmful cutbacks in future years. In calculating revenue loss, recipients will look at general revenue in the aggregate, rather than on a source-by-source basis. Given that recipients may have experienced offsetting changes in revenues across sources, Treasury's approach provides a more accurate representation of the effect of the pandemic on overall revenues.
- *Premium Pay:* Per the statute, recipients have broad latitude to designate critical infrastructure sectors and make grants to third-party employers for the purpose of providing premium pay or otherwise respond to essential workers. While the interim final rule generally preserves the flexibility in the statute, it does add a requirement that recipients give written justification in the case that premium pay would increase a worker's annual pay above a certain threshold. To set this threshold, Treasury analyzed data

[183] Gabriel Chodorow-Reich et al., Does State Fiscal Relief during Recessions Increase Employment? Evidence from the American Recovery and Reinvestment Act, American Econ. J.: Econ. Policy, 4:3 118–45 (Aug. 2012), *available at https://www.aeaweb.org/articles?id=10.1257/pol.4.3.118.*

[184] *See, e.g.,* Fitzpatrick, Haughwout & Setren, Fiscal Drag from the State and Local Sector?, Liberty Street Economics Blog, Federal Reserve Bank of New York (June 27, 2012), *https://www.libertystreeteconomics.newyorkfed.org/2012/06/fiscal-drag-from-the-state-and-local-sector.html;* Jiri Jonas, Great Recession and Fiscal Squeeze at U.S. Subnational Government Level, IMF Working Paper 12/184, (July 2012), *available at https://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf;* Gordon, *supra* note 9.

from the Bureau of Labor Statistics to determine a level that would not require further justification for premium pay to the vast majority of essential workers, while requiring higher scrutiny for provision of premium pay to higher-earners who, even without premium pay, would likely have greater personal financial resources to cope with the effects of the pandemic. Treasury believes the threshold in the interim final rule strikes the appropriate balance between preserving flexibility and helping encourage use of these resources to help those in greatest need. The interim final rule also requires that eligible workers have regular in-person interactions or regular physical handling of items that were also handled by others. This requirement will also help encourage use of financial resources for those who have endured the heightened risk of performing essential work.

- *Withholding of Payments to Recipients:* Treasury believes that for the vast majority of recipient entities, it will be appropriate to receive funds in two separate payments. As discussed above, withholding of payments ensures that recipients can adapt spending plans to evolving economic conditions and that at least some of the economic benefits will be realized in 2022 or later. However, consistent with authorities granted to Treasury in the statute, Treasury recognizes that a subset of States with significant remaining elevation in the unemployment rate could face heightened additional near-term needs to aid unemployed workers and stimulate the recovery. Therefore, for a subset of State governments, Treasury will not withhold any funds from the first payment. Treasury believes that this approach strikes the appropriate balance between the general reasons to provide funds in two payments and the heightened additional near-term needs in specific States. As discussed above, Treasury set a threshold based on historical analysis of unemployment rates in recessions.
- *Hiring Public Sector Employees:* The interim final rule states explicitly that recipients may use funds to restore their workforces up to pre-pandemic levels. Treasury believes that this statement is beneficial because it eliminates any uncertainty that could cause delays or otherwise negatively impact restoring public sector workforces (which, at time of publication, remain significantly below pre-pandemic levels).

Finally, the interim final rule aims to promote and streamline the provision of assistance to individuals and communities in greatest need, particularly communities that have been historically disadvantaged and have experienced disproportionate impacts of the COVID–19 crisis. Targeting relief is in line with Executive Order 13985, "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," which laid out an Administration-wide priority to support "equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality."[185] To this end, the interim final rule enumerates a list of services that may be provided using Fiscal Recovery Funds in low-income areas to address the disproportionate impacts of the pandemic in these communities; establishes the characteristics of essential workers eligible for premium pay and encouragement to serve workers based on financial need; provides that recipients may use Fiscal Recovery Funds to restore (to pre-pandemic levels) state and local workforces, where women and people of color are disproportionately represented;[186] and targets investments in broadband infrastructure to unserved and underserved areas. Collectively, these provisions will promote use of resources to facilitate the provision of assistance to individuals and communities with the greatest need.

Analysis of Costs. This regulatory action will generate administrative costs relative to a pre-statutory baseline. This includes, chiefly, costs required to administer Fiscal Recovery Funds, oversee subrecipients and beneficiaries, and file periodic reports with Treasury. It also requires States to allocate Fiscal Recovery Funds to nonentitlement units, which are smaller units of local government that are statutorily required to receive their funds through States.

Treasury expects that the administrative burden associated with this program will be moderate for a grant program of its size. Treasury expects that most recipients receive direct or indirect funding from Federal Government programs and that many have familiarity with how to administer and report on Federal funds or grant funding provided by other entities. In particular, States, territories, and large localities will have received funds from the CRF and Treasury expects them to rely heavily on established processes developed last year or through prior grant funding, mitigating burden on these governments.

Treasury expects to provide technical assistance to defray the costs of administration of Fiscal Recovery Funds to further mitigate burden. In making implementation choices, Treasury has hosted numerous consultations with a diverse range of direct recipients—States, small cities, counties, and Tribal governments—along with various communities across the United States, including those that are underserved. Treasury lacks data to estimate the precise extent to which this interim final rule generates administrative burden for State, local, and Tribal governments, but seeks comment to better estimate and account for these costs, as well as on ways to lessen administrative burdens.

Executive Order 13132

Executive Order 13132 (entitled Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State, local, and Tribal governments, and is not required by statute, or preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This interim final rule does not have federalism implications within the meaning of the Executive order and does not impose substantial, direct compliance costs on State, local, and Tribal governments or preempt state law within the meaning of the Executive order. The compliance costs are imposed on State, local, and Tribal governments by sections 602 and 603 of the Social Security Act, as enacted by the ARPA. Notwithstanding the above, Treasury has engaged in efforts to consult and work cooperatively with affected State, local, and Tribal government officials and associations in the process of developing the interim final rule. Pursuant to the requirements set forth in section 8(a) of Executive Order 13132, Treasury certifies that it has complied with the requirements of Executive Order 13132.

Administrative Procedure Act

The Administrative Procedure Act (APA), 5 U.S.C. 551 *et seq.*, generally requires public notice and an opportunity for comment before a rule

[185] Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government (Jan. 20, 2021) (86 FR 7009, January 25, 2021), *https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/* (last visited May 9, 2021).

[186] David Cooper, Mary Gable & Algernon Austin, Economic Policy Institute Briefing Paper, The Public-Sector Jobs Crisis: Women and African Americans hit hardest by job losses in state and local governments, *https://www.epi.org/publication/bp339-public-sector-jobs-crisis* (last visited May 9, 2021).

becomes effective. However, the APA provides that the requirements of 5 U.S.C. 553 do not apply "to the extent that there is involved . . . a matter relating to agency . . . grants." The interim final rule implements statutory conditions on the eligible uses of the Fiscal Recovery Funds grants, and addresses the payment of those funds, the reporting on uses of funds, and potential consequences of ineligible uses. The rule is thus "both clearly and directly related to a federal grant program." *National Wildlife Federation* v. *Snow*, 561 F.2d 227, 232 (D.C. Cir. 1976). The rule sets forth the "process necessary to maintain state . . . eligibility for federal funds," *id.*, as well as the "method[s] by which states can . . . qualify for federal aid," and other "integral part[s] of the grant program," *Center for Auto Safety* v. *Tiemann*, 414 F. Supp. 215, 222 (D.D.C. 1976). As a result, the requirements of 5 U.S.C. 553 do not apply.

The APA also provides an exception to ordinary notice-and-comment procedures "when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." 5 U.S.C. 553(b)(3)(B); *see also* 5 U.S.C. 553(d)(3) (creating an exception to the requirement of a 30-day delay before the effective date of a rule "for good cause found and published with the rule"). Assuming 5 U.S.C. 553 applied, Treasury would still have good cause under sections 553(b)(3)(B) and 553(d)(3) for not undertaking section 553's requirements. The ARPA is a law responding to a historic economic and public health emergency; it is "extraordinary" legislation about which "both Congress and the President articulated a profound sense of 'urgency.'" *Petry* v. *Block*, 737 F.2d 1193, 1200 (D.C. Cir. 1984). Indeed, several provisions implemented by this interim final rule (sections 602(c)(1)(A) and 603(c)(1)(A)) explicitly provide funds to "respond to the public health emergency," and the urgency is further exemplified by Congress's command (in sections 602(b)(6)(B) and 603(b)(7)(A)) that, "[t]o the extent practicable," funds must be provided to Tribes and cities "not later than 60 days after the date of enactment." *See Philadelphia Citizens in Action* v. *Schweiker*, 669 F.2d 877, 884 (3d Cir. 1982) (finding good cause under circumstances, including statutory time limits, where APA procedures would have been "virtually impossible"). Finally, there is an urgent need for States to undertake the planning necessary for sound fiscal policymaking, which requires an understanding of how funds provided under the ARPA will augment and interact with existing budgetary resources and tax policies. Treasury understands that many states require immediate rules on which they can rely, especially in light of the fact that the ARPA "covered period" began on March 3, 2021. The statutory urgency and practical necessity are good cause to forego the ordinary requirements of notice-and-comment rulemaking.

Congressional Review Act

The Administrator of OIRA has determined that this is a major rule for purposes of Subtitle E of the Small Business Regulatory Enforcement and Fairness Act of 1996 (also known as the Congressional Review Act or CRA) (5 U.S.C. 804(2) *et seq.*). Under the CRA, a major rule takes effect 60 days after the rule is published in the **Federal Register**. 5 U.S.C. 801(a)(3). Notwithstanding this requirement, the CRA allows agencies to dispense with the requirements of section 801 when the agency for good cause finds that such procedure would be impracticable, unnecessary, or contrary to the public interest and the rule shall take effect at such time as the agency promulgating the rule determines. 5 U.S.C. 808(2). Pursuant to section 808(2), for the reasons discussed above, Treasury for good cause finds that a 60-day delay to provide public notice is impracticable and contrary to the public interest.

Paperwork Reduction Act

The information collections associated with State, territory, local, and Tribal government applications materials necessary to receive Fiscal Recovery Funds (*e.g.*, payment information collection and acceptance of award terms) have been reviewed and approved by OMB pursuant to the Paperwork Reduction Act (44 U.S.C. chapter 35) (PRA) emergency processing procedures and assigned control number 1505–0271. The information collections related to ongoing reporting requirements, as discussed in this interim final rule, will be submitted to OMB for emergency processing in the near future. Under the PRA, an agency may not conduct or sponsor and a respondent is not required to respond to, an information collection unless it displays a valid OMB control number.

Estimates of hourly burden under this program are set forth in the table below. Burden estimates below are preliminary.

Reporting	Number of respondents (estimated)	Number of responses per respondent	Total responses	Hours per response	Total burden in hours	Cost to respondent ($48.80 per hour*)
Recipient Payment Form	5,050	1	5,050	.25 (15 minutes)	1,262.5	$61,610
Acceptance of Award Terms	5,050	1	5,050	.25 (15 minutes)	1,262.5	61,610
Title VI Assurances	5,050	1	5,050	.50 (30 minutes)	2,525	123,220
Quarterly Project and Expenditure Report.	5,050	4***	20,200	25	505,000	24,644,000
Annual Project and Expenditure Report from NEUs.	TBD	1 per year	†20,000–40,000	15	300,000–600,000	14,640,000–29,280,000
Annual Recovery Plan Performance report.	418	1 per year	418	100	41,800	2,039,840
Total	(**)	N/A	55,768–75,768	141	851,850–1,151,850	41,570,280–56,210,280

*Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Accountants and Auditors, on the internet at *https://www.bls.gov/ooh/business-and-financial/accountants-and-auditors.htm* (visited March 28, 2020). Base wage of $33.89/hour increased by 44 percent to account for fully loaded employer cost of employee compensation (benefits, etc.) for a fully loaded wage rate of $48.80.
**5,050–TBD.
***Per year after first year.
†(Estimate only).

Periodic reporting is required by section 602(c) of Section VI of the Social Security Act and under the interim final rule.

As discussed in Section VIII of this **SUPPLEMENTARY INFORMATION**, recipients of Fiscal Recovery Funds will be required to submit one interim report and thereafter quarterly Project and Expenditure reports until the end of the award period. Recipients must submit interim reports to Treasury by August

31, 2021. The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds.

Nonentitlement unit recipients will be required to submit annual Project and Expenditure reports until the end of the award period. The initial annual Project and Expenditure report for Nonentitlement unit recipients must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year. States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance report to Treasury. The Recovery Plan Performance report will include descriptions of the projects funded and information on the performance indicators and objectives of the award. Each annual Recovery Plan Performance report must be posted on the public-facing website of the recipient. Treasury will provide additional guidance and instructions on the all the reporting requirements outlined above for the Fiscal Recovery Funds program at a later date.

These and related periodic reporting requirements are under consideration and will be submitted to OMB for approval under the PRA emergency provisions in the near future.

Treasury invites comments on all aspects of the reporting and recordkeeping requirements including: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. Comments should be sent by the comment deadline to the *www.regulations.gov* docket with a copy to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, 725 17th Street NW, Washington, DC 20503; or email to *oira_submission@omb.eop.gov*.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act (RFA) generally requires that when an agency issues a proposed rule, or a final rule pursuant to section 553(b) of the Administrative Procedure Act or another law, the agency must prepare a regulatory flexibility analysis that meets the requirements of the RFA and publish such analysis in the **Federal Register**. 5 U.S.C. 603, 604.

Rules that are exempt from notice and comment under the APA are also exempt from the RFA requirements, including the requirement to conduct a regulatory flexibility analysis, when among other things the agency for good cause finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. Since this rule is exempt from the notice and comment requirements of the APA, Treasury is not required to conduct a regulatory flexibility analysis.

List of Subjects in 31 CFR Part 35

Executive compensation, Public health emergency, State and local governments, Tribal governments.

For the reasons stated in the preamble, the Department of the Treasury amends 31 CFR part 35 as follows:

PART 35—PANDEMIC RELIEF PROGRAMS

■ 1. The authority citation for part 35 is revised to read as follows:

Authority: 42 U.S.C. 802(f); 42 U.S.C. 803(f); 31 U.S.C. 321; Division N, Title V, Subtitle B, Pub. L. 116–260, 134 Stat. 1182; Section 104A, Pub. L. 103–325, 108 Stat. 2160, as amended (12 U.S.C. 4701 *et seq.*); Pub. L. 117–2, 135 Stat. 4 (42 U.S.C. 802 *et seq.*).

■ 2. Revise the part heading to read as set forth above.

■ 3. Add subpart A to read as follows:

Subpart A—Coronavirus State and Local Fiscal Recovery Funds

Sec.

35.1 Purpose.
35.2 Applicability.
35.3 Definitions.
35.4 Reservation of authority, reporting.
35.5 Use of funds.
35.6 Eligible uses.
35.7 Pensions.
35.8 Tax.
35.9 Compliance with applicable laws.
35.10 Recoupment.
35.11 Payments to States.
35.12 Distributions to nonentitlement units of local government and units of general local government.

§ 35.1 Purpose.

This subpart implements section 9901 of the American Rescue Plan Act (Subtitle M of Title IX of Pub. L. 117–2), which amends Title VI of the Social Security Act (42 U.S.C. 801 *et seq.*) by adding sections 602 and 603 to establish the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund.

§ 35.2 Applicability.

This subpart applies to States, territories, Tribal governments, metropolitan cities, nonentitlement units of local government, counties, and units of general local government that accept a payment or transfer of funds made under section 602 or 603 of the Social Security Act.

§ 35.3 Definitions.

As used in this subpart:

Baseline means tax revenue of the recipient for its fiscal year ending in 2019, adjusted for inflation in each reporting year using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States.

County means a county, parish, or other equivalent county division (as defined by the Census Bureau).

Covered benefits include, but are not limited to, the costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (Federal and State), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes).

Covered change means a change in law, regulation, or administrative interpretation. A change in law includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule if the phase-in or taking effect was not prescribed prior to the start of the covered period.

Covered period means, with respect to a State, Territory, or Tribal government, the period that:

(1) Begins on March 3, 2021; and

(2) Ends on the last day of the fiscal year of such State, Territory, or Tribal government in which all funds received by the State, Territory, or Tribal government from a payment made under section 602 or 603 of the Social Security Act have been expended or returned to, or recovered by, the Secretary.

COVID–19 means the Coronavirus Disease 2019.

COVID–19 public health emergency means the period beginning on January 27, 2020 and until the termination of the national emergency concerning the COVID–19 outbreak declared pursuant to the National Emergencies Act (50 U.S.C. 1601 *et seq.*).

Deposit means an extraordinary payment of an accrued, unfunded liability. The term deposit does not refer to routine contributions made by an employer to pension funds as part of the employer's obligations related to payroll, such as either a pension contribution consisting of a normal cost component related to current employees or a component addressing the amortization of unfunded liabilities calculated by reference to the employer's payroll costs.

Eligible employer means an employer of an eligible worker who performs essential work.

Eligible workers means workers needed to maintain continuity of operations of essential critical infrastructure sectors, including health care; emergency response; sanitation, disinfection, and cleaning work; maintenance work; grocery stores, restaurants, food production, and food delivery; pharmacy; biomedical research; behavioral health work; medical testing and diagnostics; home- and community-based health care or assistance with activities of daily living; family or child care; social services work; public health work; vital services to Tribes; any work performed by an employee of a State, local, or Tribal government; educational work, school nutrition work, and other work required to operate a school facility; laundry work; elections work; solid waste or hazardous materials management, response, and cleanup work; work requiring physical interaction with patients; dental care work; transportation and warehousing; work at hotel and commercial lodging facilities that are used for COVID–19 mitigation and containment; work in a mortuary; work in critical clinical research, development, and testing necessary for COVID–19 response.

(1) With respect to a recipient that is a metropolitan city, nonentitlement unit of local government, or county, workers in any additional sectors as each chief executive officer of such recipient may designate as critical to protect the health and well-being of the residents of their metropolitan city, nonentitlement unit of local government, or county; or

(2) With respect to a State, Territory, or Tribal government, workers in any additional sectors as each Governor of a State or Territory, or each Tribal government, may designate as critical to protect the health and well-being of the residents of their State, Territory, or Tribal government.

Essential work means work that:

(1) Is not performed while teleworking from a residence; and

(2) Involves:

(i) Regular in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or

(ii) Regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work.

Funds means, with respect to a recipient, amounts provided to the recipient pursuant to a payment made under section 602(b) or 603(b) of the Social Security Act or transferred to the recipient pursuant to section 603(c)(4) of the Social Security Act.

General revenue means money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and intergovernmental transfers from the Federal Government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General revenue does not include revenues from utilities. Revenue from Tribal business enterprises must be included in general revenue.

Intergovernmental transfers means money received from other governments, including grants and shared taxes.

Metropolitan city has the meaning given that term in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)) and includes cities that relinquish or defer their status as a metropolitan city for purposes of receiving allocations under section 106 of such Act (42 U.S.C. 5306) for fiscal year 2021.

Net reduction in total spending is measured as the State or Territory's total spending for a given reporting year excluding its spending of funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States.

Nonentitlement unit of local government means a "city," as that term is defined in section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(5)), that is not a metropolitan city.

Nonprofit means a nonprofit organization that is exempt from Federal income taxation and that is described in section 501(c)(3) of the Internal Revenue Code.

Obligation means an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.

Pension fund means a defined benefit plan and does not include a defined contribution plan.

Premium pay means an amount of up to $13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID–19 public health emergency. Such amount may not exceed $25,000 with respect to any single eligible worker. Premium pay will be considered to be in addition to wages or remuneration the eligible worker otherwise receives if, as measured on an hourly rate, the premium pay is:

(1) With regard to work that the eligible worker previously performed, pay and remuneration equal to the sum of all wages and remuneration previously received plus up to $13 per hour with no reduction, substitution, offset, or other diminishment of the eligible worker's previous, current, or prospective wages or remuneration; or

(2) With regard to work that the eligible worker continues to perform, pay of up to $13 that is in addition to the eligible worker's regular rate of wages or remuneration, with no reduction, substitution, offset, or other diminishment of the workers' current and prospective wages or remuneration.

Qualified census tract has the same meaning given in 26 U.S.C. 42(d)(5)(B)(ii)(I).

Recipient means a State, Territory, Tribal government, metropolitan city, nonentitlement unit of local government, county, or unit of general local government that receives a payment made under section 602(b) or 603(b) of the Social Security Act or transfer pursuant to section 603(c)(4) of the Social Security Act.

Reporting year means a single year or partial year within the covered period, aligned to the current fiscal year of the State or Territory during the covered period.

Secretary means the Secretary of the Treasury.

State means each of the 50 States and the District of Columbia.

Small business means a business concern or other organization that:

(1) Has no more than 500 employees, or if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates; and

(2) Is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632).

Tax revenue means revenue received from a compulsory contribution that is exacted by a government for public purposes excluding refunds and corrections and, for purposes of § 35.8, intergovernmental transfers. Tax revenue does not include payments for a special privilege granted or service rendered, employee or employer assessments and contributions to finance retirement and social insurance trust systems, or special assessments to pay for capital improvements.

Territory means the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, or American Samoa.

Tribal enterprise means a business concern:

(1) That is wholly owned by one or more Tribal governments, or by a corporation that is wholly owned by one or more Tribal governments; or

(2) That is owned in part by one or more Tribal governments, or by a corporation that is wholly owned by one or more Tribal governments, if all other owners are either United States citizens or small business concerns, as these terms are used and consistent with the definitions in 15 U.S.C. 657a(b)(2)(D).

Tribal government means the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published by the Bureau of Indian Affairs on January 29, 2021, pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131).

Unemployment rate means the U–3 unemployment rate provided by the Bureau of Labor Statistics as part of the Local Area Unemployment Statistics program, measured as total unemployment as a percentage of the civilian labor force.

Unemployment trust fund means an unemployment trust fund established under section 904 of the Social Security Act (42 U.S.C. 1104).

Unit of general local government has the meaning given to that term in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)).

Unserved and underserved households or businesses means one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

§ 35.4 Reservation of authority, reporting.

(a) *Reservation of authority.* Nothing in this subpart shall limit the authority of the Secretary to take action to enforce conditions or violations of law, including actions necessary to prevent evasions of this subpart.

(b) *Extensions or accelerations of timing.* The Secretary may extend or accelerate any deadline or compliance date of this subpart, including reporting requirements that implement this subpart, if the Secretary determines that such extension or acceleration is appropriate. In determining whether an extension or acceleration is appropriate, the Secretary will consider the period of time that would be extended or accelerated and how the modified timeline would facilitate compliance with this subpart.

(c) *Reporting and requests for other information.* During the covered period, recipients shall provide to the Secretary periodic reports providing detailed accounting of the uses of funds, all modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section. In addition to regular reporting requirements, the Secretary may request other additional information as may be necessary or appropriate, including as may be necessary to prevent evasions of the requirements of this subpart. False statements or claims made to the Secretary may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in Federal awards or contracts, and/or any other remedy available by law.

§ 35.5 Use of funds.

(a) *In general.* A recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024, for one or more of the purposes enumerated in sections 602(c)(1) and 603(c)(1) of the Social Security Act, as applicable, including those enumerated in section § 35.6, subject to the restrictions set forth in sections 602(c)(2) and 603(c)(2) of the Social Security Act, as applicable.

(b) *Costs incurred.* A cost shall be considered to have been incurred for purposes of paragraph (a) of this section if the recipient has incurred an obligation with respect to such cost by December 31, 2024.

(c) *Return of funds.* A recipient must return any funds not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

§ 35.6 Eligible uses.

(a) *In general.* Subject to §§ 35.7 and 35.8, a recipient may use funds for one or more of the purposes described in paragraphs (b) through (e) of this section

(b) *Responding to the public health emergency or its negative economic impacts.* A recipient may use funds to respond to the public health emergency or its negative economic impacts, including for one or more of the following purposes:

(1) *COVID–19 response and prevention.* Expenditures for the mitigation and prevention of COVID–19, including:

(i) Expenses related to COVID–19 vaccination programs and sites, including staffing, acquisition of equipment or supplies, facilities costs, and information technology or other administrative expenses;

(ii) COVID–19-related expenses of public hospitals, clinics, and similar facilities;

(iii) COVID–19 related expenses in congregate living facilities, including skilled nursing facilities, long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities;

(iv) Expenses of establishing temporary public medical facilities and other measures to increase COVID–19 treatment capacity, including related construction costs and other capital investments in public facilities to meet COVID–19-related operational needs;

(v) Expenses of establishing temporary public medical facilities and other measures to increase COVID–19 treatment capacity, including related construction costs and other capital investments in public facilities to meet COVID–19-related operational needs;

(vi) Costs of providing COVID–19 testing and monitoring, contact tracing, and monitoring of case trends and genomic sequencing for variants;

(vii) Emergency medical response expenses, including emergency medical transportation, related to COVID–19;

(viii) Expenses for establishing and operating public telemedicine capabilities for COVID–19-related treatment;

(ix) Expenses for communication related to COVID–19 vaccination programs and communication or enforcement by recipients of public health orders related to COVID–19;

(x) Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment;

(xi) Expenses for disinfection of public areas and other facilities in

response to the COVID–19 public health emergency;

(xii) Expenses for technical assistance to local authorities or other entities on mitigation of COVID–19-related threats to public health and safety;

(xiii) Expenses for quarantining or isolation of individuals;

(xiv) Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID–19 public health precautions;

(xv) Expenses for treatment of the long-term symptoms or effects of COVID–19, including post-intensive care syndrome;

(xvi) Expenses for the improvement of ventilation systems in congregate settings, public health facilities, or other public facilities;

(xvii) Expenses related to establishing or enhancing public health data systems; and

(xviii) Mental health treatment, substance misuse treatment, and other behavioral health services.

(2) *Public health and safety staff.* Payroll and covered benefit expenses for public safety, public health, health care, human services, and similar employees to the extent that the employee's time is spent mitigating or responding to the COVID–19 public health emergency.

(3) *Hiring State and local government staff.* Payroll, covered benefit, and other costs associated with the recipient increasing the number of its employees up to the number of employees that it employed on January 27, 2020.

(4) *Assistance to unemployed workers.* Assistance, including job training, for individuals who want and are available for work, including those who have looked for work sometime in the past 12 months or who are employed part time but who want and are available for full-time work.

(5) *Contributions to State unemployment insurance trust funds.* Contributions to an unemployment trust fund up to the level required to restore the unemployment trust fund to its balance on January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and May 17, 2021.

(6) *Small businesses.* Assistance to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, that responds to the negative economic impacts of the COVID–19 public health emergency.

(7) *Nonprofits.* Assistance to nonprofit organizations, including loans, grants, in-kind assistance, technical assistance or other services, that responds to the negative economic impacts of the COVID–19 public health emergency.

(8) *Assistance to households.* Assistance programs, including cash assistance programs, that respond to the COVID–19 public health emergency.

(9) *Aid to impacted industries.* Aid to tourism, travel, hospitality, and other impacted industries that responds to the negative economic impacts of the COVID–19 public health emergency.

(10) *Expenses to improve efficacy of public health or economic relief programs.* Administrative costs associated with the recipient's COVID–19 public health emergency assistance programs, including services responding to the COVID–19 public health emergency or its negative economic impacts, that are not federally funded.

(11) *Survivor's benefits.* Benefits for the surviving family members of individuals who have died from COVID–19, including cash assistance to widows, widowers, or dependents of individuals who died of COVID–19.

(12) *Disproportionately impacted populations and communities.* A program, service, or other assistance that is provided in a qualified census tract, that is provided to households and populations living in a qualified census tract, that is provided by a Tribal government, or that is provided to other households, businesses, or populations disproportionately impacted by the COVID–19 public health emergency, such as:

(i) Programs or services that facilitate access to health and social services, including:

(A) Assistance accessing or applying for public benefits or services;

(B) Remediation of lead paint or other lead hazards; and

(C) Community violence intervention programs;

(ii) Programs or services that address housing insecurity, lack of affordable housing, or homelessness, including:

(A) Supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless;

(B) Development of affordable housing to increase supply of affordable and high-quality living units; and

(C) Housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity and to reduce concentrated areas of low economic opportunity;

(iii) Programs or services that address or mitigate the impacts of the COVID–19 public health emergency on education, including:

(A) New or expanded early learning services;

(B) Assistance to high-poverty school districts to advance equitable funding across districts and geographies; and

(C) Educational and evidence-based services to address the academic, social, emotional, and mental health needs of students; and

(iv) Programs or services that address or mitigate the impacts of the COVID–19 public health emergency on childhood health or welfare, including:

(A) New or expanded childcare;

(B) Programs to provide home visits by health professionals, parent educators, and social service professionals to individuals with young children to provide education and assistance for economic support, health needs, or child development; and

(C) Services for child welfare-involved families and foster youth to provide support and education on child development, positive parenting, coping skills, or recovery for mental health and substance use.

(c) *Providing premium pay to eligible workers.* A recipient may use funds to provide premium pay to eligible workers of the recipient who perform essential work or to provide grants to eligible employers, provided that any premium pay or grants provided under this paragraph (c) must respond to eligible workers performing essential work during the COVID–19 public health emergency. A recipient uses premium pay or grants provided under this paragraph (c) to respond to eligible workers performing essential work during the COVID–19 public health emergency if it prioritizes low- and moderate-income persons. The recipient must provide, whether for themselves or on behalf of a grantee, a written justification to the Secretary of how the premium pay or grant provided under this paragraph (c) responds to eligible workers performing essential work if the premium pay or grant would increase an eligible worker's total wages and remuneration above 150 percent of such eligible worker's residing State's average annual wage for all occupations or their residing county's average annual wage, whichever is higher.

(d) *Providing government services.* For the provision of government services to the extent of a reduction in the recipient's general revenue, calculated according to paragraphs (d)(1) and (2) of this section.

(1) *Frequency.* A recipient must calculate the reduction in its general revenue using information as-of December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023 (each, a calculation date) and following each calculation date.

(2) *Calculation.* A reduction in a recipient's general revenue equals:

$$Max\ \{[Base\ Year\ Revenue * (1 + Growth\ Adjustment)^{\left(\frac{n_t}{12}\right)}] - Actual\ General\ Revenue_t; 0\}$$

Where:

Base Year Revenue is the recipient's general revenue for the most recent full fiscal year prior to the COVID–19 public health emergency;

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID–19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient's actual general revenue collected during 12-month period ending on each calculation date;

Subscript *t* denotes the specific calculation date.

(e) *To make necessary investments in infrastructure.* A recipient may use funds to make investments in:

(1) *Clean Water State Revolving Fund and Drinking Water State Revolving Fund investments.* Projects or activities of the type that would be eligible under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12); or,

(2) *Broadband.* Broadband infrastructure that is designed to provide service to unserved or underserved households and businesses and that is designed to, upon completion:

(i) Reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds; or

(ii) In cases where it is not practicable, because of the excessive cost of the project or geography or topography of the area to be served by the project, to provide service meeting the standards set forth in paragraph (e)(2)(i) of this section:

(A) Reliably meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed; and

(B) Be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

§ 35.7 Pensions.

A recipient may not use funds for deposit into any pension fund.

§ 35.8 Tax.

(a) *Restriction.* A State or Territory shall not use funds to either directly or indirectly offset a reduction in the net tax revenue of the State or Territory resulting from a covered change during the covered period.

(b) *Violation.* Treasury will consider a State or Territory to have used funds to offset a reduction in net tax revenue if, during a reporting year:

(1) *Covered change.* The State or Territory has made a covered change that, either based on a reasonable statistical methodology to isolate the impact of the covered change in actual revenue or based on projections that use reasonable assumptions and do not incorporate the effects of macroeconomic growth to reduce or increase the projected impact of the covered change, the State or Territory assesses has had or predicts to have the effect of reducing tax revenue relative to current law;

(2) *Exceeds the de minimis threshold.* The aggregate amount of the measured or predicted reductions in tax revenue caused by covered changes identified under paragraph (b)(1) of this section, in the aggregate, exceeds 1 percent of the State's or Territory's baseline;

(3) *Reduction in net tax revenue.* The State or Territory reports a reduction in net tax revenue, measured as the difference between actual tax revenue and the State's or Territory's baseline, each measured as of the end of the reporting year; and

(4) *Consideration of other changes.* The aggregate amount of measured or predicted reductions in tax revenue caused by covered changes is greater than the sum of the following, in each case, as calculated for the reporting year:

(i) The aggregate amount of the expected increases in tax revenue caused by one or more covered changes that, either based on a reasonable statistical methodology to isolate the impact of the covered change in actual revenue or based on projections that use reasonable assumptions and do not incorporate the effects of macroeconomic growth to reduce or increase the projected impact of the covered change, the State or Territory assesses has had or predicts to have the effect of increasing tax revenue; and

(ii) Reductions in spending, up to the amount of the State's or Territory's net reduction in total spending, that are in:

(A) Departments, agencies, or authorities in which the State or Territory is not using funds; and

(B) Departments, agencies, or authorities in which the State or Territory is using funds, in an amount equal to the value of the spending cuts in those departments, agencies, or authorities, minus funds used.

(c) *Amount and revenue reduction cap.* If a State or Territory is considered to be in violation pursuant to paragraph (b) of this section, the amount used in violation of paragraph (a) of this section is equal to the lesser of:

(1) The reduction in net tax revenue of the State or Territory for the reporting year, measured as the difference between the State's or Territory's baseline and its actual tax revenue, each measured as of the end of the reporting year; and,

(2) The aggregate amount of the reductions in tax revenues caused by covered changes identified in paragraph (b)(1) of this section, minus the sum of the amounts in identified in paragraphs (b)(4)(i) and (ii).

§ 35.9 Compliance with applicable laws.

A recipient must comply with all other applicable Federal statutes, regulations, and Executive orders, and a recipient shall provide for compliance with the American Rescue Plan Act, this subpart, and any interpretive guidance by other parties in any agreements it enters into with other parties relating to these funds.

§ 35.10 Recoupment.

(a) *Identification of violations*—(1) *In general.* Any amount used in violation of § 35.5, § 35.6, or § 35.7 may be identified at any time prior to December 31, 2026.

(2) *Annual reporting of amounts of violations.* On an annual basis, a recipient that is a State or Territory must calculate and report any amounts used in violation of § 35.8.

(b) *Calculation of amounts subject to recoupment*—(1) *In general.* Except as provided in paragraph (b)(2) of this section, Treasury will calculate any amounts subject to recoupment resulting from a violation of § 35.5, § 35.6, or § 35.7 as the amounts used in violation of such restrictions.

(2) *Violations of § 35.8.* Treasury will calculate any amounts subject to recoupment resulting from a violation of § 35.8, equal to the lesser of:

(i) The amount set forth in § 35.8(c); and,

(ii) The amount of funds received by such recipient.

(c) *Notice.* If Treasury calculates an amount subject to recoupment under paragraph (b) of this section, Treasury will provide the recipient a written notice of the amount subject to recoupment along with an explanation of such amounts.

(d) *Request for reconsideration.* Unless Treasury extends the time period, within 60 calendar days of receipt of a notice of recoupment provided under paragraph (c) of this section, a recipient may submit a written request to Treasury requesting reconsideration of any amounts subject to recoupment under paragraph (b) of this section. To request reconsideration of any amounts subject to recoupment, a recipient must submit to Treasury a written request that includes:

(1) An explanation of why the recipient believes all or some of the amount should not be subject to recoupment; and

(2) A discussion of supporting reasons, along with any additional information.

(e) *Final amount subject to recoupment.* Unless Treasury extends the time period, within 60 calendar days of receipt of the recipient's request for reconsideration provided pursuant to paragraph (d) of this section, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment. Such notification will include an explanation of the decision, including responses to the recipient's supporting reasons and consideration of additional information provided.

(f) *Repayment of funds.* Unless Treasury extends the time period, a recipient shall repay to the Secretary any amounts subject to recoupment in accordance with instructions provided by Treasury:

(1) Within 120 calendar days of receipt of the notice of recoupment provided under paragraph (c) of this section, in the case of a recipient that does not submit a request for reconsideration in accordance with the requirements of paragraph (d) of this section; or

(2) Within 120 calendar days of receipt of the Secretary's decision under paragraph (e) of this section, in the case of a recipient that submits a request for reconsideration in accordance with the requirements of paragraph (d) of this section.

§ 35.11 Payments to States.

(a) *In general.* With respect to any State or Territory that has an unemployment rate as of the date that it submits an initial certification for payment of funds pursuant to section 602(d)(1) of the Social Security Act that is less than two percentage points above its unemployment rate in February 2020, the Secretary will withhold 50 percent of the amount of funds allocated under section 602(b) of the Social Security Act to such State or territory until the date that is twelve months from the date such initial certification is provided to the Secretary.

(b) *Payment of withheld amount.* In order to receive the amount withheld under paragraph (a) of this section, the State or Territory must submit to the Secretary at least 30 days prior to the date referenced in paragraph (a) the following information:

(1) A certification, in the form provided by the Secretary, that such State or Territory requires the payment to carry out the activities specified in section 602(c) of the Social Security Act and will use the payment in compliance with section 602(c) of the Social Security Act; and,

(2) Any reports required to be filed by that date pursuant to this subpart that have not yet been filed.

§ 35.12 Distributions to nonentitlement units of local government and units of general local government.

(a) *Nonentitlement units of local government.* Each State or Territory that receives a payment from Treasury pursuant to section 603(b)(2)(B) of the Social Security Act shall distribute the amount of the payment to nonentitlement units of government in such State or Territory in accordance with the requirements set forth in section 603(b)(2)(C) of the Social Security Act and without offsetting any debt owed by such nonentitlement units of local governments against such payments.

(b) *Budget cap.* A State or Territory may not make a payment to a nonentitlement unit of local government pursuant to section 603(b)(2)(C) of the Social Security Act and paragraph (a) of this section in excess of the amount equal to 75 percent of the most recent budget for the nonentitlement unit of local government as of January 27, 2020. A State or Territory shall permit a nonentitlement unit of local government without a formal budget as of January 27, 2020, to provide a certification from an authorized officer of the nonentitlement unit of local government of its most recent annual expenditures as of January 27, 2020, and a State or Territory may rely on such certification for purposes of complying with this paragraph (b).

(c) *Units of general local government.* Each State or Territory that receives a payment from Treasury pursuant to section 603(b)(3)(B)(ii) of the Social Security Act, in the case of an amount to be paid to a county that is not a unit of general local government, shall distribute the amount of the payment to units of general local government within such county in accordance with the requirements set forth in section 603(b)(3)(B)(ii) of the Social Security Act and without offsetting any debt owed by such units of general local government against such payments.

(d) *Additional conditions.* A State or Territory may not place additional conditions or requirements on distributions to nonentitlement units of local government or units of general local government beyond those required by section 603 of the Social Security Act or this subpart.

Laurie Schaffer,

Acting General Counsel.

[FR Doc. 2021–10283 Filed 5–13–21; 11:15 am]

BILLING CODE 4810–AK–P

Compliance and Reporting Guidance

State and Local Fiscal Recovery Funds



June 24, 2021

Version: 1.1

Coronavirus State and Local Fiscal Recovery Funds Guidance on Recipient Compliance and Reporting Responsibilities

On March 11, 2021, the American Rescue Plan Act was signed into law, and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program. This program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses.

This guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities under the SLFRF program, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the SLFRF implementing regulation, and other regulatory and statutory requirements, including regulatory requirements under the Uniform Guidance (2 CRF Part 200). Please see the Assistance Listing in SAM.gov under assistance listing number (formerly known as CFDA number), 21.027 for more information.

Please Note: This guidance document applies to the SLFRF program only and does not change nor impact reporting and compliance requirements for the Coronavirus Relief Fund ("CRF") established by the CARES Act.

This guidance includes two parts:

Part 1: General Guidance

This section provides an orientation to recipients' compliance responsibilities and the U.S. Department of the Treasury's ("Treasury") expectations and recommends best practices where appropriate under the SLFRF Program.

A. Key Principles..... P. 3
B. Statutory Eligible Uses..... P. 3
C. Treasury's Rulemaking..... P. 4
D. Uniform Guidance (2 CFR Part 200)..... P. 6
E. Award Terms and Conditions..... P. 10

Part 2: Reporting Requirements

This section provides information on the reporting requirements for the SLFRF program.

A. Interim Report..... P. 13
B. Project and Expenditure Report..... P. 15
C. Recovery Plan Performance Report..... P. 23

Appendix 1: Expenditure Categories..... P. 31
Appendix 2: Evidenced-Based Intervention Additional Information..... P. 33

Part 1: General Guidance

This section provides an orientation on recipients' compliance responsibilities and Treasury's expectations and recommended best practices where appropriate under the SLFRF program.

Recipients under the SLFRF program are the eligible entities identified in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 (the "SLFRF statute") that receive a SLFRF award. Subrecipients under the SLFRF program are entities that receive a subaward from a recipient to carry out the purposes (program or project) of the SLFRF award on behalf of the recipient.

Recipients are accountable to Treasury for oversight of their subrecipients, including ensuring their subrecipients comply with the SLFRF statute, SLFRF Award Terms and Conditions, Treasury's Interim Final Rule, and reporting requirements, as applicable.

A. Key Principles

There are several guiding principles for developing your own effective compliance regimes:

- Recipients and subrecipients are the first line of defense, and responsible for ensuring the SLFRF award funds are not used for ineligible purposes, and there is no fraud, waste, and abuse associated with their SLFRF award;
- Many SLFRF-funded projects respond to the COVID-19 public health emergency and meet urgent community needs. Swift and effective implementation is vital, and recipients must balance facilitating simple and rapid program access widely across the community and maintaining a robust documentation and compliance regime;
- SLFRF-funded projects should advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities, as outlined in Executive Order 13985, On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government; and
- Transparency and public accountability for SLFRF award funds and use of such funds are critical to upholding program integrity and trust in all levels of government, and SLFRF award funds should be managed consistent with Administration guidance per Memorandum M-21-20 and Memorandum M-20-21.

B. Statutory Eligible Uses

As a recipient of an SLFRF award, your organization has substantial discretion to use the award funds in the ways that best suit the needs of your constituents – as long as such use fits into one of the following four statutory categories:

1. To respond to the COVID-19 public health emergency or its negative economic impacts;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work;
3. For the provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID–19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency; and
4. To make necessary investments in water, sewer, or broadband infrastructure.

Treasury adopted an Interim Final Rule to implement these eligible use categories and other restrictions on the use of funds under the SLFRF program.[1] It is the recipient's responsibility to ensure all SLFRF award funds are used in compliance with these requirements. In addition, recipients should be mindful of any additional compliance obligations that may apply – for example, additional restrictions imposed upon other sources of funds used in conjunction with SLFRF award funds, or statutes and regulations that may independently apply to water, broadband, and sewer infrastructure projects. Recipients should ensure they maintain proper documentation supporting determinations of costs and applicable compliance requirements, and how they have been satisfied as part of their award management, internal controls, and subrecipient oversight and management.

C. Treasury's Rule

Treasury's Interim Final Rule details recipients' compliance responsibilities and provides additional information on eligible and restricted uses of SLFRF award funds and reporting requirements. Your organization should review and comply with the information contained in Treasury's Interim Final Rule, and any subsequent final rule when building appropriate controls for SLFRF award funds.

1. **Eligible and Restricted Uses of SLFRF Funds.** As described in the SLFRF statute and summarized above, there are four enumerated eligible uses of SLFRF award funds. As a recipient of an award under the SLFRF program, your organization is responsible for complying with requirements for the use of funds. In addition to determining a given project's eligibility, recipients are also responsible for determining subrecipient's or beneficiaries' eligibility and must monitor use of SLFRF award funds.

   To help recipients build a greater understanding of eligible uses, Treasury's Interim Final Rule establishes a framework for determining whether a specific project would be eligible under the SLFRF program, including some helpful definitions. For example, Treasury's Interim Final Rule establishes:

   - A framework for determining whether a project "responds to" a "negative economic impact" caused by the COVID-19 public health emergency;
   - Definitions of "eligible employers", "essential work," "eligible workers", and "premium pay" for cases where premium pay is an eligible use;
   - A definition of "general revenue" and a formula for calculating revenue lost due to the COVID-19 public health emergency;
   - A framework for eligible water and sewer infrastructure projects that aligns eligible uses with projects that are eligible under the Environmental Protection Agency's Drinking Water and Clean Water State Revolving Funds; and
   - A framework for eligible broadband projects designed to provide service to unserved or underserved households, or businesses at speeds sufficient to enable users to generally meet household needs, including the ability to support the simultaneous use of work, education, and health applications, and also sufficiently robust to meet increasing household demands for bandwidth.

   Treasury's Interim Final Rule also provides more information on four important restrictions on use of SLFRF award funds: recipients may not deposit SLFRF funds into a pension fund; recipients that are States or territories may not use SLFRF funds to offset a reduction in net tax revenue caused by the recipient's change in law, regulation, or administrative

[1] Treasury's Interim Final Rule is effective as of May 17, 2021, and public comments are due July 16, 2021. This guidance may be clarified consistent with the final rule. https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf

interpretation; and, recipients may not use SLFRF funds as non-Federal match where prohibited. In addition, the Interim Final Rule clarifies certain uses of SLFRF funds outside the scope of eligible uses, including that recipients generally may not use SLFRF funds directly to service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund. Recipients should refer to Treasury's Interim Final Rule for more information on these restrictions.

2. **Eligible Costs Timeframe.** Your organization, as a recipient of an SLFRF award, may use SLFRF funds to cover eligible costs that your organization incurred during the period that begins on March 3, 2021 and ends on December 31, 2024, as long as the award funds for the obligations incurred by December 31, 2024 are expended by December 31, 2026. Costs for projects incurred by the recipient State, territorial, local, or Tribal government prior to March 3, 2021 are not eligible, as provided for in Treasury's Interim Final Rule.

   Recipients may use SLFRF award funds to provide assistance to households, businesses, and individuals within the eligible use categories described in Treasury's Interim Final Rule for costs that those households, businesses and individuals incurred prior to March 3, 2021. For example,

   a. Public Health/Negative Economic Impacts: Recipients may use SLFRF award funds to provide assistance to households – such as rent, mortgage, or utility assistance – for costs incurred by the household prior to March 3, 2021, provided that the recipient State, territorial, local or Tribal government did not incur the cost of providing such assistance prior to March 3, 2021.
   b. Premium Pay: Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be "in addition to" wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.
   c. Revenue Loss: Treasury's Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. While calculation of lost revenue begins with the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
   d. Investments in Water, Sewer, and Broadband: Recipients may use SLFRF award funds to make necessary investments in water, sewer, and broadband. Recipients may use SLFRF award funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the SLFRF award funds were incurred after March 3, 2021.

   Any funds not obligated or expended for eligible uses by the timelines above must be returned to Treasury, including any unobligated or unexpended funds that have been provided to subrecipients and contractors. For the purposes of determining expenditure eligibility, Treasury's Interim Final Rule provides that "incurred" has the same meaning given to "financial obligation" in 2 CFR § 200.1.

3. **Reporting.** Generally, recipients must submit one initial interim report, quarterly or annual Project and Expenditure reports which include subaward reporting, and in some cases annual Recovery Plan reports. Treasury's Interim Final Rule and Part 2 of this guidance provide more detail around SLFRF reporting requirements.

Assistance Listing

The Assistance Listing for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) was published May 28, 2021 on SAM.gov under Assistance Listing Number ("ALN"), formerly known as CFDA Number, **21.027**.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The ALN is the unique 5-digit number assigned to identify a federal assistance listing, and can be used to search for federal assistance program information, including funding opportunities, spending on USASpending.gov, or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines Treasury issued initial payments under an existing ALN, 21.019, assigned to the CRF. If you have already received funds or captured the initial number in your records, please update your systems and reporting to reflect the new ALN 21.027 for the SLFRF program. **Recipients must use ALN 21.027 for all financial accounting, subawards, and associated program reporting requirements for the SLFRF awards.**

D. Uniform Administrative Requirements

The SLFRF awards are generally subject to the requirements set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 (the "Uniform Guidance"). In all instances, your organization should review the Uniform Guidance requirements applicable to your organization's use of SLFRF funds, and SLFRF-funded projects. Recipients should consider how and whether certain aspects of the Uniform Guidance apply.

The following sections provide a general summary of your organization's compliance responsibilities under applicable statutes and regulations, including the Uniform Guidance, as described in the 2020 OMB Compliance Supplement Part 3. Compliance Requirements (issued August 18, 2020). Note that the descriptions below are only general summaries and all recipients and subrecipients are advised to carefully review the Uniform Guidance requirements and any additional regulatory and statutory requirements applicable to the program.

1. **Allowable Activities.** Each recipient should review program requirements, including Treasury's Interim Final Rule and the recipient's Award Terms and Conditions, to determine and record eligible uses of SLFRF funds. Per 2 CFR 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.

2. **Allowable Costs/Cost Principles.** As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

SLFRF Funds may be, but are not required to be, used along with other funding sources for a given project. Note that SLFRF Funds may not be used for a non-Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.[2]

Treasury's Interim Final Rule and guidance and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed, or not in accordance with 2 CFR Part 200, Subpart F are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost Principles for more information.

a. Administrative costs: Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.[3] Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the SLFRF Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.[4][5] Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

b. Salaries and Expenses: In general, certain employees' wages, salaries, and covered benefits are an eligible use of SLFRF award funds. Please see Treasury's Interim Final Rule for details.

3. **Cash Management.** SLFRF payments made to recipients are not subject to the requirements of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 or 2 CFR 200.305(b)(8)-(9).

   As such, recipients can place funds in interest-bearing accounts, do not need to remit interest to Treasury, and are not limited to using that interest for eligible uses under the SLFRF award.

4. **Eligibility.** Under this program, recipients are responsible for ensuring funds are used for eligible purposes. Generally, recipients must develop and implement policies and procedures, and record retention, to determine and monitor implementation of criteria for

[2] See 42 CFR 433.51 and 45 CFR 75.306.
[3] Recipients also may use SLFRF funds directly for administrative costs to improve efficacy of programs that respond to the COVID-19 public health emergency. 31 CFR 35.6(b)(10).
[4] 2 CFR 200.413 Direct Costs.
[5] 2 CFR 200.414 Indirect Costs.

determining the eligibility of beneficiaries and/or subrecipients. Your organization, and if applicable, the subrecipient(s) administering a program on behalf of your organization, will need to maintain procedures for obtaining information evidencing a given beneficiary, subrecipient, or contractor's eligibility including a valid SAM.gov registration. Implementing risk-based due diligence for eligibility determinations is a best practice to augment your organization's existing controls.

5. **Equipment and Real Property Management.** Any purchase of equipment or real property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D. Equipment and real property acquired under this program must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SLFRF funds shall vest in the non-Federal entity. Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations.

6. **Matching, Level of Effort, Earmarking.** There are no matching, level of effort, or earmarking compliance responsibilities associated with the SLFRF award. SLFRF funds may only be used for non-Federal match in other programs where costs are eligible under both SLFRF and the other program and use of such funds is not prohibited by the other program.

7. **Period of Performance.** Your organization should also develop and implement internal controls related to activities occurring outside the period of performance. For example, each recipient should articulate each project's policy on allowability of costs incurred prior to award or start of the period of performance. All funds remain subject to statutory requirements that they must be used for costs incurred by the recipient during the period that begins on March 3, 2021, and ends on December 31, 2024, and that award funds for the financial obligations incurred by December 31, 2024 must be expended by December 31, 2026. Any funds not used must be returned to Treasury.

8. **Procurement, Suspension & Debarment.** Recipients are responsible for ensuring that any procurement using SLFRF funds, or payments under procurement contracts using such funds are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true: the item is below the micro-purchase threshold; the item is only available from a single source; the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or after solicitation of a number of sources, competition is determined inadequate.[6] Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320. The Uniform Guidance requires an infrastructure for competitive bidding and contractor oversight, including maintaining written standards of conduct and prohibitions on dealing with suspended or debarred parties. Your organization must ensure adherence to all applicable local, State, and federal procurement laws and regulations.

9. **Program Income.** Generally, program income includes, but is not limited to, income from fees for services performed, the use or rental or real or personal property acquired under Federal awards and principal and interest on loans made with Federal award funds. Program income does not include interest earned on advances of Federal funds, rebates, credits, discounts, or interest on rebates, credits, or discounts. Recipients of SLFRF funds

[6] 2 CFR 200.320(c)(1)-(3) and (5)

should calculate, document, and record the organization's program income. Additional controls that your organization should implement include written policies that explicitly identify appropriate allocation methods, accounting standards and principles, compliance monitoring checks for program income calculations, and records.

The Uniform Guidance outlines the requirements that pertain to program income at 2 CFR 200.307. Treasury intends to provide additional guidance regarding program income and the application of 2 CFR 200.307(e)(1), including with respect to lending programs.

10. **Reporting.** All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.

    In addition, where appropriate, your organization needs to establish controls to ensure completion and timely submission of all mandatory performance and/or compliance reporting. See Part 2 of this guidance for a full overview of recipient reporting responsibilities.

11. **Subrecipient Monitoring.** SLFRF recipients that are pass-through entities as defined under 2 CFR 200.1 are required to manage and monitor their subrecipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.

    First, your organization must clearly identify to the subrecipient: (1) that the award is a subaward of SLFRF funds; (2) any and all compliance requirements for use of SLFRF funds; and (3) any and all reporting requirements for expenditures of SLFRF funds.

    Next, your organization will need to evaluate each subrecipient's risk of noncompliance based on a set of common factors. These risk assessments may include factors such as prior experience in managing Federal funds, previous audits, personnel, and policies or procedures for award execution and oversight. Ongoing monitoring of any given subrecipient should reflect its assessed risk and include monitoring, identification of deficiencies, and follow-up to ensure appropriate remediation.

    Accordingly, your organization should develop written policies and procedures for subrecipient monitoring and risk assessment and maintain records of all award agreements identifying or otherwise documenting subrecipients' compliance obligations.

12. **Special Tests and Provisions.** Treasury has set a deadline of July 16, 2021, for receipt of public comment on its Interim Final Rule and will adopt a final rule responding to these comments. In addition, Treasury may add clarifications to the implementing guidance.

Across each of the compliance requirements above, Treasury described some best practices for development of internal controls. The table below provides a brief description and example of each best practice.

Table 1: Internal controls best practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.

E. Award Terms and Conditions

The Award Terms and Conditions of the SLFRF financial assistance agreement sets forth the compliance obligations for recipients pursuant to the SLFRF statute, the Uniform Guidance, and Treasury's Interim Final Rule. Recipients should ensure they remain in compliance with all Award Terms and Conditions. These obligations include the following items in addition to those described above:

1. **SAM.gov Requirements.** All eligible recipients are also required to have an active registration with the System for Award Management (SAM) (https://www.sam.gov). To ensure timely receipt of funding, Treasury has stated that Non-entitlement Units of Government (NEUs) who have not previously registered with SAM.gov may do so after receipt of the award, but before the submission of mandatory reporting.[7]

2. **Recordkeeping Requirements.** Generally, your organization must maintain records and financial documents for five years after all funds have been expended or returned to Treasury, as outlined in paragraph 4.c. of the Award Terms and Conditions. Treasury may request transfer of records of long-term value at the end of such period. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

   Your organization must agree to provide or make available such records to Treasury upon request, and to any authorized oversight body, including but not limited to the Government Accountability Office ("GAO"), Treasury's Office of Inspector General ("OIG"), and the Pandemic Relief Accountability Committee ("PRAC").

3. **Single Audit Requirements.** Recipients and subrecipients that expend more than $750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.[8] Recipients and subrecipients may also refer to the Office of

[7] See flexibility provided in https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf.
[8] For-profit entities that receive SLFRF subawards are not subject to Single Audit requirements. However, they are subject to other audits as deemed necessary by authorized governmental entities, including Treasury, the GAO, the PRAC and the Treasury's OIG.

Management and Budget (OMB) Compliance Supplements for audits of federal funds and related guidance and the Federal Audit Clearinghouse to see examples and single audit submissions.

4. **Civil Rights Compliance**. Recipients of Federal financial assistance from the Treasury are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.

   In order to carry out its enforcement responsibilities under Title VI of the Civil Rights Act, Treasury will collect and review information from recipients to ascertain their compliance with the applicable requirements before and after providing financial assistance. Treasury's implementing regulations, 31 CFR part 22, and the Department of Justice (DOJ) regulations, Coordination of Non-discrimination in Federally Assisted Programs, 28 CFR part 42, provide for the collection of data and information from recipients (see 28 CFR 42.406). Treasury may request that recipients submit data for post-award compliance reviews, including information such as a narrative describing their Title VI compliance status.

Part 2: Reporting Guidance

There are three types of reporting requirements for the SLFRF program.

- **Interim Report:** Provide initial overview of status and uses of funding. This is a one-time report. **See Section A, page 13.**
- **Project and Expenditure Report:** Report on projects funded, expenditures, and contracts and subawards over $50,000, and other information. **See Section B, page 15.**
- **Recovery Plan Performance Report:** The Recovery Plan Performance Report (the "Recovery Plan") will provide information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury. The Recovery Plan will be posted on the website of the recipient as well as provided to Treasury. **See Section C, page 23.**

Table 2: Reporting requirements by recipient type

<table>
<tr><th>Recipient</th><th>Interim Report</th><th>Project and Expenditure Report</th><th>Recovery Plan Performance Report</th></tr>
<tr><td>States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents</td><td rowspan="3">By August 31, 2021, with expenditures by category</td><td rowspan="2">By October 31, 2021, and then 30 days after the end of each quarter thereafter[9]</td><td>By August 31, 2021, and annually thereafter by July 31 [10]</td></tr>
<tr><td>Metropolitan cities and counties with a population below 250,000 residents which received more than $5 million in SLFRF funding</td><td rowspan="3">Not required</td></tr>
<tr><td>Tribal Governments</td></tr>
<tr><td>Metropolitan cities and counties with a population below 250,000 residents which received less than $5 million in SLFRF funding</td><td rowspan="2">By October 31, 2021, and then annually thereafter[11]</td></tr>
<tr><td>NEUs</td><td>Not required</td></tr>
</table>

The remainder of this document describes these reporting requirements. A users' guide will be provided with additional information on how and where to submit required reports.

[9] Interim Final Rule Page 111
[10] Interim Final Rule page 112
[11] Interim Final Rule Page 111

Comparison to reporting for the CRF

This guidance does not change the reporting or compliance requirements pertaining to the CRF. Reporting and compliance requirements for the SLFRF are separate from CRF reporting requirements. Changes from CRF to SLFRF include:

- **Project, Expenditure, and Subaward Reporting**: The SLFRF reporting requirements leverage the existing reporting regime used for CRF to foster continuity and provide many recipients with a familiar reporting mechanism. The data elements for the Project and Expenditure Report will largely mirror those used for CRF, with some minor exceptions noted in this guidance. The users' guide will describe how reporting for CRF funds will relate to reporting for the SLFRF.
- **Timing of Reports**: CRF reports were due within 10 days of each calendar quarter. SLFRF quarterly reporting will be due 30 days from quarter end.
- **Program and Performance Reporting**: The CRF reporting did not include any program or performance reporting. To build public awareness and accountability and allow Treasury to monitor compliance with eligible uses, some program and performance reporting is required.

A. Interim Report

States, U.S. territories, metropolitan cities, counties, and Tribal governments are required to submit a one-time interim report with expenditures[12] by Expenditure Category from the date of award to July 31, 2021. The recipient will be required to enter obligations[13] and expenditures and, for each, select the specific expenditure category from the available options. See Appendix 1 for Expenditure Categories (EC).

1. Required Programmatic Data

Recipients will also be required to provide the following information if they have or plan to have expenditures in the following Expenditure Categories.

a. Revenue replacement (EC 6.1[14]): Key inputs into the revenue replacement formula in the Interim Final Rule and estimated revenue loss due to the Covid-19 public health emergency calculated using the formula in the Interim Final Rule as of December 31, 2020.

- Base year general revenue (e.g., revenue in the last full fiscal year prior to the public health emergency)
- Fiscal year end date
- Growth adjustment used (either 4.1 percent or average annual general revenue growth over 3 years prior to pandemic)
- Actual general revenue as of the twelve months ended December 31, 2020
- Estimated revenue loss due to the Covid-19 public health emergency as of December 31, 2020
- An explanation of how revenue replacement funds were allocated to government services (Note: additional instructions and/or template to be provided in users' guide)

[12] For purposes of reporting in the SLFRF portal, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).
[13] For purposes of reporting in the SLFRF portal, an obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment.
[14] See Appendix 1 for the full Expenditure Category (EC) list. References to Expenditure Categories are identified by "EC" followed by numbers from the table in Appendix 1.

In calculating general revenue and the other items discussed above, recipients should use audited data if it is available. When audited data is not available, recipients are not required to obtain audited data if substantially accurate figures can be produced on an unaudited basis. Recipients should use their own data sources to calculate general revenue, and do not need to rely on revenue data published by the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported general revenue figures may differ from those published by the Census Bureau. Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required. Recipients' reporting should align with their own financial reporting.

In calculating general revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a State to a locality pursuant to the CRF or SLFRF. To the extent federal funds are passed through States or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of general revenue on a best-efforts basis.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of reduction in revenue, recipients will be required to submit a description of services provided. This description may be in narrative or in another form, and recipients are encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with $100 in revenue replacement funds available could indicate that $50 were used for law enforcement operating expenses and $50 were used for pay-go building of sidewalk infrastructure. As discussed in the Interim Final Rule, these services can include a broad range of services but may not be used directly for pension deposits or debt service.

Reporting requirements will not require tracking the indirect effects of Fiscal Recovery Funds, apart from the restrictions on use of Fiscal Recovery Funds to offset a reduction in net tax revenue. In addition, recipients must indicate that Fiscal Recovery Funds were not used to make a deposit in a pension fund.

b. Distributions to NEUs - States and territories only (EC 7.4): Information on SLFRF distributions to eligible NEUs. Each State and territory will be asked to provide an update on distributions to individual NEUs, including whether the NEU has (1) received funding; (2) declined funding and requested a transfer to the State under Section 603(c)(4) of the Act; or (3) not taken action on its funding. States and territories should be prepared to report on their information, including the following:

- NEU name
- NEU DUNS number
- NEU Taxpayer Identification Number (TIN)
- NEU Recipient Number (a unique identification code for each NEU assigned by the State to the NEU as part of the request for funding)
- NEU contact information (e.g., address, point of contact name, point of contact email address, and point of contact phone number)
- NEU authorized representative name and email address
- Initial allocation and, if applicable, subsequent allocation to the NEU (before application of the 75 percent cap)
- Total NEU reference budget (as submitted by the NEU to the State as part of the request for funding)

- Amount of the initial and, if applicable, subsequent allocation above 75 percent of the NEU's reference budget which will be returned to Treasury
- Payment amount(s)
- Payment date(s)

For each eligible NEU that declined funding and requested a transfer to the State under Section 603(c)(4), the State must also attach a form signed by the NEU, as detailed in the Guidance on Distributions of Funds to Non-Entitlement Units of Local Government.

States with "weak" minor civil divisions (i.e., Illinois, Indiana, Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota) should also list any minor civil divisions that the State deemed ineligible.

B. Project and Expenditure Report

All recipients are required to submit Project and Expenditure Reports.

1. Quarterly Reporting

The following recipients are required to submit quarterly Project and Expenditure Reports:

- States, U.S. territories, and Tribal governments
- Metropolitan cities and counties that received more than $5 million in SLFRF funding

For these recipients, the initial quarterly Project and Expenditure Report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 calendar days after the end of each calendar quarter. Quarterly reports are not due concurrently with applicable annual reports. The table below summarizes the quarterly report timelines:

Report	Year	Quarter	Period Covered	Due Date
1	2021	2 and 3	Award Date – September 30	October 31, 2021
2	2021	4	October 1 – December 31	January 31, 2022
3	2022	1	January 1 – March 31	April 30, 2022
4	2022	2	April 1 – June 30	July 31, 2022
5	2022	3	July 1 – September 30	October 31, 2022
6	2022	4	October 1 – December 31	January 31, 2023
7	2023	1	January 1 – March 31	April 30, 2023
8	2023	2	April 1 – June 30	July 31, 2023
9	2023	3	July 1 – September 30	October 31, 2023
10	2023	4	October 1 – December 31	January 31, 2024
11	2024	1	January 1 – March 31	April 30, 2024
12	2024	2	April 1 – June 30	July 31, 2024
13	2024	3	July 1 – September 30	October 31, 2024
14	2024	4	October 1 – December 31	January 31, 2025
15	2025	1	January 1 – March 31	April 30, 2025
16	2025	2	April 1 – June 30	July 31, 2025
17	2025	3	July 1 – September 30	October 31, 2025
18	2025	4	October 1 – December 31	January 31, 2026
19	2026	1	January 1 – March 31	April 30, 2026
20	2026	2	April 1 – June 30	July 31, 2026

Report	Year	Quarter	Period Covered	Due Date
21	2026	3	July 1 – September 30	October 31, 2026
22	2026	4	October 1 – December 31	March 31, 2027

2. Annual Reporting

The following recipients are required to submit annual Project and Expenditure Reports:

- Metropolitan cities and counties that received less than $5 million in SLFRF funding.
- NEUs. To facilitate reporting, each NEU will need a NEU Recipient Number. This is a unique identification code for each NEU assigned by the State to the NEU as part of its request for funding.

For these recipients, the initial Project and Expenditure Report will cover from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports will cover one calendar year and must be submitted to Treasury by October 31. The table below summarizes the report timelines:

Report	Period Covered	Due Date
1	Award Date – September 30, 2021	October 31, 2021
2	October 1, 2021 – September 30, 2022	October 31, 2022
3	October 1, 2022 – September 30, 2023	October 31, 2023
4	October 1, 2023 – September 30, 2024	October 31, 2024
5	October 1, 2024 – September 30, 2025	October 31, 2025
6	October 1, 2025 – September 30, 2026	October 31, 2026
7	October 1, 2026 – December 31, 2026	March 31, 2027

3. Required Information

The following information will be required in Project and Expenditure Reports:

a. Projects: Provide information on all SLFRF funded projects. Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding. For each project, the recipient will be required to enter the project name, identification number (created by the recipient), project expenditure category (see Appendix 1), description, and status of completion. Project descriptions must describe the project in sufficient detail to provide understanding of the major activities that will occur, and will be required to be between 50 and 250 words. Projects should be defined to include only closely related activities directed toward a common purpose. In particular, recipients should review the Required Programmatic Data described below and define their projects at a sufficient level of granularity to report these metrics for a reasonably specific activity or set of activities in each project.

   Note: For each project, the recipient will be asked to select the appropriate Expenditure Category based on the scope of the project (see Appendix 1). Projects should be scoped to align to a single Expenditure Category. For select Expenditure Categories, the recipient will also be asked to provide additional programmatic data (described further below).

b. Expenditures: Once a project is entered the recipient will be able to report on the project's obligations and expenditures. Recipients will be asked to report:
   - Current period obligation
   - Cumulative obligation
   - Current period expenditure
   - Cumulative expenditure

c. Project Status: Once a project is entered the recipient will be asked to report on project status each reporting period, in four categories:
   - Not Started
   - Completed less than 50 percent
   - Completed 50 percent or more
   - Completed

d. Project Demographic Distribution: Recognizing the disproportionate impact of the pandemic-related recession on low-income communities, recipients must report whether certain types of projects[15] are targeted to economically disadvantaged communities, as defined by HUD's Qualified Census Tract.[16] Recipients will be asked to identify whether or not the project is serving an economically disadvantaged community. To minimize the administrative burden on recipients while ensuring that this important aspect of program performance is tracked, recipients may assume that the funds for a project count as being targeted towards economically disadvantaged communities if the project funds are spent on:
   - A program or service is provided at a physical location in a Qualified Census Tract (for multi-site projects, if a majority of sites are within Qualified Census Tracts);
   - A program or service where the primary intended beneficiaries live within a Qualified Census Tract;
   - A program or service for which the eligibility criteria are such that the primary intended beneficiaries earn less than 60 percent of the median income for the relevant jurisdiction (e.g., State, county, metropolitan area, or other jurisdiction); or
   - A program or service for which the eligibility criteria are such that over 25 percent of intended beneficiaries are below the federal poverty line.

   Recipients may use reasonable estimates to determine if a project meets one of these criteria, including identifying the intended beneficiaries of a program or service in terms of income characteristics, geographic location, or otherwise estimating the beneficiaries of a program based on its eligibility criteria. Recipients do not need to track information on each individual beneficiary to make the determination of whether or not the project is serving an economically disadvantaged community. If a recipient is unable to measure economic characteristics of the primary intended beneficiaries of a program or service due to data limitations or for other reasons, that program or service may not be counted as targeted to economically disadvantaged communities. Treasury recognizes that in some circumstances, recipients may fund eligible programs or services that benefit economically disadvantaged communities but may lack adequate data to assess conclusively that such a program or service is targeted to economically disadvantaged communities based on the criteria described above.

e. Subawards: Each recipient shall also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, and direct payments made by the recipient that are greater than or equal to $50,000.

[15] Specifically recipients must report this information for projects in the Expenditure Categories that are marked with "^" in the expenditure category listing in Appendix 1 of this guidance

[16] HUD defines as a QCT as having "50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more." To view median income area for their jurisdiction, recipients may visit the U.S. Census website on median incomes and select the geography for their jurisdiction and relevant unit of measurement (household or individual) for the project.

Recipients do not also need to submit separate monthly subaward reports to FSRS.gov as required pursuant to the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, which is included in the SLFRF Award Terms and Conditions. Treasury will submit this reporting on behalf of recipients using the $50,000 reporting threshold, timing, and data elements discussed in this guidance. If recipients choose to continue reporting to FSRS.gov in addition to reporting directly to Treasury on these funds, they may do so and will be asked to notify Treasury as part of their quarterly submission.

In general, recipients will be asked to provide the following information for each Contract, Grant, Loan, Transfer, or Direct Payment greater than or equal to $50,000:

- Subrecipient identifying and demographic information (e.g., DUNS number and location)
- Award number (e.g., Award number, Contract number, Loan number)
- Award date, type, amount, and description
- Award payment method (reimbursable or lump sum payment(s))
- For loans, expiration date (date when loan expected to be paid in full)
- Primary place of performance
- Related project name(s)
- Related project identification number(s) (created by the recipient)
- Period of performance start date
- Period of performance end date
- Quarterly obligation amount
- Quarterly expenditure amount
- Project(s)
- Additional programmatic performance indicators for select Expenditure Categories (see below)

Aggregate reporting is required for contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals that are below $50,000. This information will be accounted for by expenditure category at the project level.

As required by the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, recipients must also report the names and total compensation of their five most highly compensated executives and their subrecipients' executives for the preceding completed fiscal year if (1) the recipient received 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards), and received $25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act (and subawards), and (2) if the information is not otherwise public. In general, most SLFRF Recipients are governmental entities with executive salaries that are already disclosed, so no additional information must be reported. The recipient is responsible for the subrecipients' compliance with registering and maintaining an updated profile on SAM.gov.

f. Civil Rights Compliance: Treasury will request information on recipients' compliance with Title VI of the Civil Rights Act of 1964 on an annual basis. This information may include a narrative describing the recipient's compliance with Title VI, along with other questions and assurances.

g. Required Programmatic Data (other than infrastructure projects): For all projects listed under the following Expenditure Categories (see Appendix 1), the information listed must be provided in each report.

1. Payroll for Public Health and Safety Employees (EC 1.9):
   - Number of government FTEs responding to COVID-19 supported under this authority

2. Household Assistance (EC 2.1-2.5):
   - Brief description of structure and objectives of assistance program(s) (e.g., nutrition assistance for low-income households)
   - Number of individuals served (by program if recipient establishes multiple separate household assistance programs)
   - Brief description of recipient's approach to ensuring that aid to households responds to a negative economic impact of Covid-19, as described in the Interim Final Rule

3. Small Business Economic Assistance (EC 2.9):
   - Brief description of the structure and objectives of assistance program(s) (e.g., grants for additional costs related to Covid-19 mitigation)
   - Number of small businesses served (by program if recipient establishes multiple separate small businesses assistance programs)
   - Brief description of recipient's approach to ensuring that aid to small businesses responds to a negative economic impact of COVID-19, as described in the Interim Final Rule

4. Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (EC 2.11-2.12):
   - If aid is provided to industries other than travel, tourism, and hospitality (EC 2.12), a description of pandemic impact on the industry and rationale for providing aid to the industry
   - Brief narrative description of how the assistance provided responds to negative economic impacts of the COVID-19 pandemic
   - For each subaward:
     - Sector of employer (Note: additional detail, including list of sectors to be provided in a users' guide)
     - Purpose of funds (e.g., payroll support, safety measure implementation)

5. Rehiring Public Sector Staff (EC 2.14):
   - Number of FTEs rehired by governments under this authority

6. Education Assistance (EC 3.1-3.5):
   - The National Center for Education Statistics ("NCES") School ID or NCES District ID. List the School District if all schools within the school district received some funds. If not all schools within the school district received funds, list the School ID of the schools that received funds. These can allow evaluators to link data from the NCES to look at school-level demographics and, eventually, student performance.[17]

[17] For more information on NCES identification numbers see https://nces.ed.gov/ccd/districtsearch/ (districts) and https://nces.ed.gov/ccd/schoolsearch/ (schools).

7. Premium Pay (both Public Sector EC 4.1 and Private Sector EC 4.2):
   - List of sectors designated as critical to the health and well-being of residents by the chief executive of the jurisdiction, if beyond those included in the Interim Final Rule (Note: a list of sectors will be provided in the forthcoming users' guide).
   - Number of workers to be served
   - Employer sector for all subawards to third-party employers (i.e., employers other than the State, local, or Tribal government) (Note: a list of sectors will be provided in the forthcoming users' guide).
   - For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, for whom premium pay would increase total pay above 150 percent of their residing State's average annual wage, or their residing county's[18] average annual wage, whichever is higher, on an annual basis:
     - A brief written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19, and why the recipient government determined that the premium pay was responsive to workers performing essential work during the pandemic. This description should not include personally identifiable information; when addressing individual workers, recipients should be careful not to include this information. Recipients may consider describing the workers' occupations and duties in a general manner as necessary to protect privacy.

8. Revenue replacement (EC 6.1):
   Under the Interim Final Rule, recipients calculate revenue loss using data as of four discrete points during the program: December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023. Revenue loss calculated as of December 31, 2020 will be reported in the Interim Report, as described above. For future calculation dates, revenue loss will be reported only in the Quarter 4 reports due January 31, 2022, January 31, 2023, and January 31, 2024. Reporting on revenue loss should include:
   - General revenue collected over the past 12 months as of the most recent calculation date, as outlined in the Interim Final Rule (for example, for the January 31, 2022 report, recipients should provide 12 month general revenue as of December 31, 2021);
   - Calculated revenue loss due to the Covid-19 public health emergency; and
   - An explanation of how the revenue replacement funds were allocated to government services (note: additional instructions and/or template to be provided in user guide).

   In calculating general revenue and the revenue loss due to the COVID-19 public health emergency, recipients should follow the same guidance as described above for the Interim Report.

h. Required Programmatic Data for Infrastructure Projects (EC 5): For all projects listed under the Water, Sewer, and Broadband Expenditure Categories (see Appendix 1), more detailed project-level information is required. Each project will be required to report expenditure data as described above, but will also report the following information:

[18] *County* means a county, parish, or other equivalent county division (as defined by the Census Bureau). See 31 CFR 35.3.

1. All infrastructure projects (EC 5):
   - Projected/actual construction start date (month/year)
   - Projected/actual initiation of operations date (month/year)
   - Location (for broadband, geospatial location data)
   - For projects over $10 million:
     a. A recipient may provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as "baby Davis-Bacon Acts"). If such certification is not provided, a recipient must provide a project employment and local impact report detailing:
        - The number of employees of contractors and sub-contractors working on the project;
        - The number of employees on the project hired directly and hired through a third party;
        - The wages and benefits of workers on the project by classification; and
        - Whether those wages are at rates less than those prevailing.[19]

        Recipients must maintain sufficient records to substantiate this information upon request.
     b. A recipient may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the recipient does not provide such certification, the recipient must provide a project workforce continuity plan, detailing:
        - How the recipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project;
        - How the recipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project; and
        - How the recipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities;
        - Whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and
        - Whether the project has completed a project labor agreement.
     c. Whether the project prioritizes local hires.
     d. Whether the project has a Community Benefit Agreement, with a description of any such agreement.

[19] As determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed.

2. Water and sewer projects (EC 5.1-5.15):
   - National Pollutant Discharge Elimination System (NPDES) Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund)
   - Public Water System (PWS) ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund)

3. Broadband projects (EC 5.16-5.17):
   - Speeds/pricing tiers to be offered, including the speed/pricing of its affordability offering
   - Technology to be deployed
   - Miles of fiber
   - Cost per mile
   - Cost per passing
   - Number of households (broken out by households on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload
     - Number of households with access to minimum speed standard of reliable 100 Mbps symmetrical upload and download
     - Number of households with access to minimum speed standard of reliable 100 Mbps download and 20 Mbps upload
   - Number of institutions and businesses (broken out by institutions on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload, in each of the following categories: business, small business, elementary school, secondary school, higher education institution, library, healthcare facility, and public safety organization
     - Specify the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps symmetrical upload and download; and
     - Specify the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps download and 20 Mbps upload

i. Distributions to NEUs - States and territories only (EC 7.4): Information on SLFRF distributions to eligible NEUs. Each State and territory will be asked to provide an update on distributions to individual NEUs, including whether the NEU has (1) received funding; (2) declined funding and requested a transfer to the State under Section 603(c)(4) of the Act; or (3) not taken action on its funding. States and territories should be prepared to report on their information, including the following:
   - NEU name
   - NEU DUNS number
   - NEU Taxpayer Identification Number (TIN)
   - NEU Recipient Number (a unique identification code for each NEU assigned by the State to the NEU as part of the request for funding)
   - NEU contact information (e.g., address, point of contact name, point of contact email address, and point of contact phone number)
   - NEU authorized representative name and email address
   - Initial allocation and, if applicable, subsequent allocation to the NEU (before application of the 75 percent cap)
   - Total NEU reference budget (as submitted by the NEU to the State as part of the request for funding)
   - Amount of the initial and, if applicable, subsequent allocation above 75 percent of the NEU's reference budget which will be returned to Treasury
   - Payment amount(s)
   - Payment date(s)

For each eligible NEU that declined funding and requested a transfer to the State under Section 603(c)(4), the State must also attach a form signed by the NEU, as detailed in the Guidance on Distributions of Funds to Non-Entitlement Units of Local Government.

States with "weak" minor civil divisions (i.e., Illinois, Indiana, Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota) should also list any minor civil divisions that the State deemed ineligible.

j. NEU Documentation (NEUs only): Each NEU will also be asked to provide the following information with their first report submitted by October 31, 2021:
   - Copy of the signed award terms and conditions agreement (which was signed and submitted to the State as part of the request for funding)
   - Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (which was signed and submitted to the State as part of the request for funding)
   - Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding

C. Recovery Plan Performance Report

States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to publish and submit to Treasury a Recovery Plan performance report ("Recovery Plan"). Each Recovery Plan must be posted on the public-facing website of the recipient by the same date the recipient submits the report to Treasury. This reporting requirement includes uploading a link to the publicly available document report along with providing data in the Treasury reporting portal.

The Recovery Plan will provide the public and Treasury information on the projects recipients are undertaking with program funding and how they are planning to ensure program outcomes are achieved in an effective, efficient, and equitable manner. While this guidance outlines some minimum requirements for the Recovery Plan, each recipient is encouraged to add information to the plan they feel is appropriate to provide information to their constituents on efforts they are taking to respond to the pandemic and promote economic recovery. Each jurisdiction may determine the general form and content of the Recovery Plan, as long as it includes the minimum information determined by Treasury. Treasury will provide a recommended template but recipients may modify this template as appropriate for their jurisdiction. The Recovery Plan will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury.

The initial Recovery Plan will cover the period from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the Recovery Plan will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period (by July 31). The table below summarizes the report timelines:

Annual Report	Period Covered	Due Date
1	Award Date – July 31, 2021	August 31, 2021
2	July 1, 2021 – June 30, 2022	July 31, 2022
3	July 1, 2022 – June 30, 2023	July 31, 2023
4	July 1, 2023 – June 30, 2024	July 31, 2024
5	July 1, 2024 – June 30, 2025	July 31, 2025
6	July 1, 2025 – June 30, 2026	July 31, 2026
7	July 1, 2026 – December 31, 2026	March 31, 2027

The Recovery Plan will include, at a minimum, the following information:

1. Executive Summary
Provide a high-level overview of the jurisdiction's intended and actual uses of funding including, but not limited to: the jurisdiction's plan for use of funds to promote a response to the pandemic and economic recovery, key outcome goals, progress to date on those outcomes, and any noteworthy challenges or opportunities identified during the reporting period.

2. Uses of Funds
Describe in further detail your jurisdiction's intended and actual uses of the funds, such as how your jurisdiction's approach would help support a strong and equitable recovery from the COVID-19 pandemic and economic downturn. Describe any strategies employed to maximize programmatic impact and effective, efficient, and equitable outcomes. Given the broad eligible uses of funds and the specific needs of the jurisdiction, please also explain how the funds would support the communities, populations, or individuals in your jurisdiction. Your description should address how you are promoting each of the following, to the extent they apply:

a. Public Health (EC 1): As relevant, describe how funds are being used to respond to COVID-19 and the broader health impacts of COVID-19 and the COVID-19 public health emergency.
b. Negative Economic Impacts (EC 2): As relevant, describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including to households and small businesses.
c. Services to Disproportionately Impacted Communities (EC 3): As relevant, describe how funds are being used to provide services to communities disproportionately impacted by the COVID-19 public health emergency.
d. Premium Pay (EC 4): As relevant, describe the approach, goals, and sectors or occupations served in any premium pay program. Describe how your approach prioritizes low-income workers.
e. Water, sewer, and broadband infrastructure (EC 5): Describe the approach, goals, and types of projects being pursued, if pursuing.
f. Revenue Replacement (EC 6): Describe the loss in revenue due to the COVID-19 public health emergency and how funds have been used to provide government services.

Where appropriate, recipients should also include information on your jurisdiction's use (or planned use) of other federal recovery funds including other programs under the American Rescue Plan such as the Emergency Rental Assistance, Housing Assistance, and so forth, to provide broader context on the overall approach for pandemic recovery.

3. Promoting equitable outcomes
Describe efforts to promote equitable outcomes, including how programs were designed with equity in mind. Please include in your description how your jurisdiction will consider and measure equity at the various stages of the program, including:

a. Goals: Are there particular historically underserved, marginalized, or adversely affected groups that you intend to serve within your jurisdiction?
b. Awareness: How equal and practical is the ability for residents or businesses to become aware of the services funded by the SLFRF?
c. Access and Distribution: Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?

d. Outcomes: Are intended outcomes focused on closing gaps, reaching universal levels of service, or disaggregating progress by race, ethnicity, and other equity dimensions where relevant for the policy objective?

Treasury encourages uses of funds that promote strong, equitable growth, including racial equity. Please describe how your jurisdiction's planned or current use of funds prioritizes economic and racial equity as a goal, names specific targets intended to produce meaningful equity results at scale, and articulates the strategies to achieve those targets. In addition, please explain how your jurisdiction's overall equity strategy translates into the specific services or programs offered by your jurisdiction in the following Expenditure Categories:

a. Negative Economic Impacts (EC 2): assistance to households, small businesses, and non-profits to address impacts of the pandemic, which have been most severe among low-income populations. This includes assistance with food, housing, and other needs; employment programs for people with barriers to employment who faced negative economic impacts from the pandemic (such as residents of low-income neighborhoods, minorities, disconnected youth, the unemployed, formerly incarcerated people, veterans, and people with disabilities); and other strategies that provide disadvantaged groups with access to education, jobs, and opportunity.
b. Services to Disproportionately Impacted Communities (EC 3): services to address health disparities and the social determinants of health, build stronger neighborhoods and communities (e.g., affordable housing), address educational disparities (e.g., evidence-based tutoring, community schools, and academic, social-emotional, and mental health supports for high poverty schools), and promote healthy childhood environments (e.g., home visiting, child care).

The initial report must describe efforts to date and intended outcomes to promote equity. Each annual report thereafter must provide an update, using qualitative and quantitative data, on how the recipients' approach achieved or promoted equitable outcomes or progressed against equity goals during the performance period. Please also describe any constraints or challenges that impacted project success in terms of increasing equity. In particular, this section must describe the geographic and demographic distribution of funding, including whether it is targeted toward traditionally marginalized communities.

For the purposes of the SLFRF, equity is defined in the Executive Order 13985 On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, as issued on January 20, 2021.

4. Community Engagement

Please describe how your jurisdiction's planned or current use of funds incorporates written, oral, and other forms of input that capture diverse feedback from constituents, community-based organizations, and the communities themselves. Where relevant, this description must include how funds will build the capacity of community organizations to serve people with significant barriers to services, including people of color, people with low incomes, limited English proficient populations, and other traditionally underserved groups.

5. Labor Practices

Describe workforce practices on any infrastructure projects being pursued (EC 5). How are projects using strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while also supporting the economic recovery through strong employment opportunities for workers? For example, report whether any of the following practices are being utilized: project labor agreements, community benefits agreements, prevailing wage requirements, and local hiring.

6. Use of Evidence

The Recovery Plan should identify whether SLFRF funds are being used for evidence-based interventions[20] and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. Recipients must briefly describe the goals of the project, and the evidence base for the interventions funded by the project. Recipients must specifically identify the dollar amount of the total project spending that is allocated towards evidence-based interventions for each project in the Public Health (EC 1), Negative Economic Impacts (EC 2), and Services to Disproportionately Impacted Communities (EC 3) Expenditure Categories.[21]

Recipients are exempt from reporting on evidence-based interventions in cases where a program evaluation is being conducted. Recipients are encouraged to use relevant evidence Clearinghouses, among other sources, to assess the level of evidence for their interventions and identify evidence-based models that could be applied in their jurisdiction; such evidence clearinghouses include the U.S. Department of Education's What Works Clearinghouse, the U.S. Department of Labor's CLEAR, and the Childcare & Early Education Research Connections and the Home Visiting Evidence of Effectiveness clearinghouses from Administration for Children and Families, as well as other clearinghouses relevant to particular projects conducted by the recipient. In such cases where a recipient is conducting a program evaluation in lieu of reporting the amount of spending on evidence-based interventions, they must describe the evaluation design including whether it is a randomized or quasi-experimental design; the key research questions being evaluated; whether the study has sufficient statistical power to disaggregate outcomes by demographics; and the timeframe for the completion of the evaluation (including a link to completed evaluation if relevant).[22] Once the evaluation has been completed, recipients must post the evaluation publicly and link to the completed evaluation in the Recovery Plan. Once an evaluation has been completed (or has sufficient interim findings to determine the efficacy of the intervention), recipients should determine whether the spending for the evaluated interventions should be counted towards the dollar amount categorized as evidence-based for the relevant project.

For all projects, recipients may be selected to participate in a national evaluation, which would study their project along with similar projects in other jurisdictions that are focused on the same set of outcomes. In such cases, recipients may be asked to share information and data that is needed for the national evaluation.

Recipients are encouraged to consider how a Learning Agenda, either narrowly focused on SLFRF or broadly focused on the recipient's broader policy agenda, could support their overarching evaluation efforts in order to create an evidence-building strategy for their jurisdiction.[23]

Appendix 2 contains additional information on evidence-based interventions for the purposes of the Recovery Plan.

---

[20] As noted in Appendix 2, evidence-based refers to interventions with strong or moderate levels of evidence.

[21] Of note, recipients are only required to report the amount of the total funds that are allocated to evidence-based interventions in the areas of Public Health, Negative Economic Impacts, and Services to Disproportionately Impacted Communities that are marked by an asterisk in Appendix 1: Expenditure Categories.

[22] For more information on the required standards for program evaluation, see OMB M-20-12.

[23] For more information on learning agendas, please see OMB M-19-23

7. Table of Expenses by Expenditure Category

Please include a table listing the amount of funds used in each Expenditure Category (See Appendix 1). The table should include cumulative expenses to date within each category, and the additional amount spent within each category since the last annual Recovery Plan.

8. Project Inventory

List the name and provide a brief description of all SLFRF funded projects. Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding. For each project, include the project name, funding amount, identification number (created by the recipient and used thereafter in the quarterly Program and Expenditure Report), project Expenditure Category (see Appendix 1), and a description of the project which includes an overview of the main activities of the project, the approximate timeline, primary delivery mechanisms and partners, if applicable, and intended outcomes. Include a link to the website of the project if available. This information will provide context and additional detail for the information reported quarterly in the Project and Expenditure Report.

For infrastructure investment projects (EC 5), project-level reporting will be more detailed, as described for the Project and Expenditure Report above. Projects in this area may be grouped by Expenditure Category if needed, with further detail (such as the specific project name and identification number) provided in the Project and Expenditure Report. For infrastructure projects, descriptions should note how the project contributes to addressing climate change.

9. Performance Report

The Recovery Plan must include key performance indicators for the major SLFRF funded projects undertaken by the recipient. The recipient has flexibility in terms of how this information is presented in the Recovery Plan, and may report key performance indicators for each project, or may group projects with substantially similar goals and the same outcome measures. In some cases, the recipient may choose to include some indicators for each individual project as well as crosscutting indicators.

Performance indicators should include both output and outcome measures. Output measures, such as number of students enrolled in an early learning program, provide valuable information about the early implementation stages of a project. Outcome measures, such as the percent of students reading on grade level, provide information about whether a project is achieving its overall goals. Recipients are encouraged to use logic models[24] to identify their output and outcome measures. While the initial report will focus heavily on early output goals, recipients must include the related outcome goal for each project and provide updated information on achieving these outcome goals in annual reports. In cases where recipients are conducting a program evaluation for a project (as described above), the outcome measures in the performance report should be aligned with those being evaluated in the program. To support their performance measurement and program improvement efforts, recipients are permitted to use funds to make improvements to data or technology infrastructure and data analytics, as well as program evaluations.

10. Required Performance Indicators and Programmatic Data

While recipients have discretion on the full suite of performance indicators to include, a number of mandatory performance indicators and programmatic data must be included. These are necessary to allow Treasury to conduct oversight as well as understand and aggregate program outcomes across recipients. This section provides an overview of the mandatory performance indicators and programmatic data. This information may be included in each recipient's Recovery Plan as they determine most appropriate, including combining with the

[24] A logic model is a tool that depicts the intended links between program investments and outcomes, specifically the relationships among the resources, activities, outputs, outcomes, and impact of a program.

section above, but this data will also need to be entered directly into the Treasury reporting portal. Below is a list of required data for each Expenditure Category:

a. Household Assistance (EC 2.2 & 2.5) and Housing Support (EC 3.10-3.12):
   - Number of people or households receiving eviction prevention services (including legal representation)
   - Number of affordable housing units preserved or developed

b. Negative Economic Impacts (EC 2):
   - Number of workers enrolled in sectoral job training programs
   - Number of workers completing sectoral job training programs
   - Number of people participating in summer youth employment programs

c. Education Assistance (EC 3.1-3.5):
   - Number of students participating in evidence-based tutoring programs[25]

d. Healthy Childhood Environments (EC 3.6-3.9):
   - Number of children served by childcare and early learning (pre-school/pre-K/ages 3-5)
   - Number of families served by home visiting

The initial report should include the key indicators above. Each annual report thereafter should include updated data for the performance period as well as prior period data, and a brief narrative adding any additional context to help the reader interpret the results and understand the any changes in performance indicators over time. To the extent possible, Treasury also encourages recipients to provide data disaggregated by race, ethnicity, gender, income, and other relevant factors.

11. Ineligible Activities: Tax Offset Provision (States and territories only)
The following information is required for Treasury to ensure SLFRF funding is not used for ineligible activities.

In each reporting year, States and territories will report certain items related to the Tax Offset Provision 31 CFR 35.8, as detailed below. As indicated in the Interim Final Rule, Treasury is seeking comment on reporting requirements related to the Tax Offset Provision, including ways to better rely on information already produced by States and territories and to minimize burden.

The terms "reporting year," "baseline," "covered change," "net reduction in total spending," and "tax revenue" are defined in the Interim Final Rule, 31 CFR 35.3. For purposes of calculating a net reduction in total spending, total spending for the fiscal year ending 2019 should be reported on an inflation-adjusted basis, consistent with the Interim Final Rule, 31 CFR 35.3. Similarly, for purposes of calculating baseline, tax revenue for the fiscal year 2019 should be reported on an inflation-adjusted basis, consistent with the Interim Final Rule, 31 CFR 35.3.

For purposes of reporting actual tax revenue and calculating tax revenue for the fiscal year ending 2019,[26] (a) if available, recipients should report information using audited financials and (b) recipients may provide data on a cash, accrual, or modified accrual basis, but must be consistent in their approach across all reporting periods. Similarly, for purposes of calculating

[25] For more information on evidence-based tutoring programs, refer to the U.S. Department of Education's 2021 ED COVID-19 Handbook (Volume 2), which summarizes research on evidence-based tutoring programs (see the bottom of page 20.
[26] Tax revenue for fiscal year ending 2019 is relevant for calculating the recipient's baseline.

a net reduction in total spending, recipients should report data using audited financials where available.

a. Revenue-reducing Covered Changes:
For each reporting year, a recipient must report the value of covered changes that the recipient predicts will have the effect of reducing tax revenue in a given reporting year (revenue-reducing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general and where possible, reported values should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Recipients must maintain records regarding the identification and predicted effects of revenue-reducing covered changes.

b. Baseline Revenue:
Baseline has the meaning defined in the Interim Final Rule, 31 CFR 35.3.

Whether the revenue-reducing covered changes are in excess of the *de minimis*.
Recipients must determine whether the aggregate value of the revenue-reducing covered changes in the reporting year is less than one percent of baseline revenue.

c. Actual Tax Revenue:
Actual tax revenue means the actual tax revenue received by the recipient government in the reporting year. Tax revenue has the meaning defined in the Interim Final Rule, 31 CFR 35.3.

d. Reduction in Net Tax Revenue:
The reduction in net tax revenue is equal to baseline revenue minus actual tax revenue in each reporting year. If this value is zero or negative, there is no reduction in net tax revenue.

e. Any revenue-increasing covered changes:
A recipient must report the value of covered changes that have had or that the recipient predicts will have the effect of increasing tax revenue in a given reporting year (revenue-increasing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general and where possible, reporting should be produced by the agency of the recipient responsible for estimating the costs and effects of fiscal policy changes.

Recipients should maintain records regarding revenue-reducing covered changes and estimates of such changes.

f. Net reduction in total spending, and tables of specific spending cuts:
Recipients must report on spending cuts. To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). As in the Interim Final Rule, 35 CFR 35.3, net reduction in total spending is measured as the recipient government's total spending for a given reporting year excluding Fiscal Recovery Funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States. If that subtraction yields a positive value, there has been a net reduction; if it yields zero or a negative value, there has not been a net reduction. If there has been no net reduction in total spending, a recipient will have no spending cuts to offset a reduction in net tax revenue.

Next, a recipient must determine and aggregate the value of spending cuts in each "reporting unit," as defined below. For each reporting unit, the recipient must report (1) the amount of the reduction in spending in the reporting unit relative to its inflation-adjusted FY 2019 level, (2) the amount of any Fiscal Recovery Funds spent in the reporting unit, and (3) the amount by which the reduction in spending exceeds the Fiscal Recovery funds spent in the reporting unit. If a recipient has not spent amounts received from the Fiscal Recovery Funds in a reporting unit, the full amount of the reduction in spending counts as a covered spending cut and may be included in aggregate spending cuts. If the recipient has spent amounts received from the Fiscal Recovery Funds, such amounts generally would be deemed to have replaced the amount of spending cut, and only reductions in spending above the amount of Fiscal Recovery Funds spent on the reporting unit would be eligible to offset a reduction in net tax revenue. Only such amounts above the amount of Fiscal Recovery Funds spent on the reporting unit should be included in the aggregate of spending cuts.

To align with existing reporting and accounting, the Interim Final Rule considers the department, agency, or authority from which spending has been cut and whether the recipient government has spent amounts received from the Fiscal Recovery Funds on that same department, agency, or authority. Recipients may also choose to report at a more granular sub-department level. Recipients are encouraged to define and report spending in departments, sub-departments (e.g., bureaus), agencies, or authorities (each a "reporting unit") in a manner consistent with their existing budget process and should, to the extent possible, report using the same reporting unit in each reporting year. For example, if a State health department maintains separate budgets for different units (e.g., medical and public health units), those units may be reported and considered separately. Spending cuts must be reported relative to FY 2019 spending levels, adjusted for inflation, and excluding Fiscal Recovery Funds from reporting year spending levels.

Recipients should maintain records regarding spending cuts. As discussed in the Interim Final Rule, in order to help ensure governments use Fiscal Recovery Funds in a manner consistent with the prescribed eligible uses and do not use Fiscal Recovery Funds to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury will monitor changes in spending throughout the covered period. Evasions of the Tax Offset Provision may be subject to recoupment.

Appendix 1: Expenditure Categories

The Expenditure Categories (EC) listed below must be used to categorize each project as noted in Part 2 above. The term "Expenditure Category" refers to the detailed level (e.g., 1.1 COVID-10 Vaccination). When referred to as a category (e.g., EC 1) it includes all Expenditure Categories within that level.

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff
3: Services to Disproportionately Impacted Communities	
3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

3.9	Healthy Childhood Environments: Other* ^
3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^
3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15	Social Determinants of Health: Lead Remediation ^
3.16	Social Determinants of Health: Community Violence Interventions* ^
4: Premium Pay	
4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers
5: Infrastructure[27]	
5.1	Clean Water: Centralized Wastewater Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance
5.3	Clean Water: Decentralized Wastewater
5.4	Clean Water: Combined Sewer Overflows
5.5	Clean Water: Other Sewer Infrastructure
5.6	Clean Water: Stormwater
5.7	Clean Water: Energy Conservation
5.8	Clean Water: Water Conservation
5.9	Clean Water: Nonpoint Source
5.10	Drinking water: Treatment
5.11	Drinking water: Transmission & Distribution
5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.13	Drinking water: Source
5.14	Drinking water: Storage
5.15	Drinking water: Other water infrastructure
5.16	Broadband: "Last Mile" projects
5.17	Broadband: Other projects
6: Revenue Replacement	
6.1	Provision of Government Services
7: Administrative	
7.1	Administrative Expenses
7.2	Evaluation and Data Analysis
7.3	Transfers to Other Units of Government
7.4	Transfers to Non-entitlement Units (States and territories only)

*Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Use of Evidence section above for details)

^Denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities (see Project Demographic Distribution section above for details)

[27] Definitions for water and sewer Expenditure Categories can be found in the EPA's handbooks. For "clean water" expenditure category definitions, please see: https://www.epa.gov/sites/production/files/2018-03/documents/cwdefinitions.pdf. For "drinking water" expenditure category definitions, please see: https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-national-information-management-system-reports.

Appendix 2: Evidenced-Based Intervention Additional Information

What is evidence-based?
For the purposes of the SLFRF, evidence-based refers to interventions with strong or moderate evidence as defined below:

Strong evidence means the evidence base that can support causal conclusions for the specific program proposed by the applicant with the highest level of confidence. This consists of one or more well-designed and well-implemented experimental studies conducted on the proposed program with positive findings on one or more intended outcomes.

Moderate evidence means that there is a reasonably developed evidence base that can support causal conclusions. The evidence base consists of one or more quasi-experimental studies with positive findings on one or more intended outcomes OR two or more non-experimental studies with positive findings on one or more intended outcomes. Examples of research that meet the standards include: well-designed and well-implemented quasi-experimental studies that compare outcomes between the group receiving the intervention and a matched comparison group (i.e., a similar population that does not receive the intervention).

Preliminary evidence means that the evidence base can support conclusions about the program's contribution to observed outcomes. The evidence base consists of at least one non-experimental study. A study that demonstrates improvement in program beneficiaries over time on one or more intended outcomes OR an implementation (process evaluation) study used to learn and improve program operations would constitute preliminary evidence. Examples of research that meet the standards include: (1) outcome studies that track program beneficiaries through a service pipeline and measure beneficiaries' responses at the end of the program; and (2) pre- and post-test research that determines whether beneficiaries have improved on an intended outcome.

Revision Log

Version	Date Published	Summary of changes
1.0	June 17, 2021	Initial publication
1.1	June 24, 2021	• Pg. 12, removed references to "summary" level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion. • Pg. 13, revised the coverage period end date for the Interim Report from June 30, 2021 to July 31, 2021 to align with the IFR. • Pg. 13, removed references to "summary" level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion. • Pg. 31, removed references to "summary level" with respect to Expenditure Categories in Appendix 1 to avoid confusion.


THE DEPARTMENT OF THE TREASURY
1789

11
10/18/21
2h

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Finance

WORK SESSION ☒ **Meeting Date: 10/18/2021**

REGULAR AGENDA ☒ **Meeting Date: 10/19/2021**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing

☒ Contract/Agreement/MOU - Contract # 1996I.21.008

☐ Resolution

☐ Proclamation

☐ Budget Item

☐ Draft Ordinance

☐ Final Ordinance

☐ Other

Documents exempt from public disclosure attached: ☐

ARPA SUBRECIPIENT AGREEMENT—PENINSULA HOUSING AUTHORITY-- FOR PROVISION OF COMPLETITION OF SIX MUTUAL SELF-HELP PROGRAM HOMES IN FORKS, WASHINGTON OR SIMILAR PROJECTS :

BACKGROUND

In May 2021, the County was awarded $15,020,640 of federal stimulus funding from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Funds ("ARPA Funds") under Section 603(b) of the Social Security Act, as amended by Section 9901 of the American Rescue Plan Act ("ARPA Act"). The County received the first half of these funds on May 28, 2021, with the 2nd half of these funds to be disbursed to the County by the US Treasury one year thereafter.

During the July 6, 2021 Continued Work Session with BOCC, the BOCC identified eight priority areas that they indicated support for allocating ARPA Funds to, including:

- Local Small Business and Non Profit Economic Assistance;
- Assistance to Businesses and Non Profits that provide Child Care Services;
- Mental/Behavioral Health;
- Food Security Support to Local Food Banks;
- Affordable Housing/Homelessness Support;
- Residential and Commercial Utility Relief;
- Local Water Systems Infrastructure; and
- Broadband

Based on discussions held during this Work Session in which affordable housing requests from various entities including Habitat for Humanity, Peninsula Housing Authority, and North Olympic Regional

Veteran's Housing Network were discussed, the BOCC approved the initial granting of $360,000 of ARPA-funded directed toward supporting affordable housing initiatives.

As outlined in the ARPA Interim Final Rule and FAQ guidance provided by the U.S. Treasury, ARPA Funds can be utilized in support of the following purposes:

(1) To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;

(3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency;

(4) To make necessary investments in water, sewer, or broadband infrastructure; and

(5) To address the disparate impact of COVID-19 on certain populations and geographics, additional eligible services may include:

a. Addressing health disparities and the social determinants of health, including community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

b. Building stronger neighborhoods and communities, **including supportive housing and other services for individuals experiencing homelessness, development of affordable housing**, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;

c. Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and

d. Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth. (collectively "Eligible Uses").

As provided under FAQs 2.11 and 2.17 of US Treasury's Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions, ARPA funds may be used to support those segments of the population and geographies who were disproportionately negatively impacted by the pandemic, which include populations that reside within Qualified Census Tracts, those who have experienced unemployment, increased food or housing insecurity, or are of low- or moderate income (i.e. those whose household income are below 80% of the County's average median income). As a result, we believe the provision of supportive homelessness housing and affordable housing economic support using ARPA funds to those low to moderate income or homeless households experiencing housing

insecurity in Clallam County represents an eligible and proper use of ARPA funds to address the negative economic impacts of the COVID-19 pandemic.

PENINSULA HOUSING AUTHORITY OF CLALLAM COUNTY—OVERVIEW OF THEIR MISSION, THE IMPACT OF COVID-19 ON ITS AFFORDABLE HOUSING EFFORTS, AND THE RESULTING NEED FOR ARPA FUNDING

As outlined in the attached application and overview, Peninsula Housing Authority (PHA) provides technical assistance to low-income, 80% below AMI individuals and families in assisting them to construct an affordable home utilizing a construction-to-permanent loan from USDA in their name in Clallam and Jefferson County. In order to qualify for the Mutual Self-Help Program, an applicant must work co-operatively with other families and individuals to help build one another's home with the guidance and instruction from the construction staff. Each family must contribute 32 hours a week of labor to all the homes being built under the Mutual Self-Help

Like many organizations that offer affordable housing assistance, Peninsula Housing Authority's home building program has been negatively financially impacted by the COVID pandemic in the following ways:

- PHA's construction assistance building projects experienced a sharp increase in its building costs due to the COVID-19 public health emergency. Home construction material costs increased dramatically during the pandemic due to supply chain and labor shortage disruptions, coupled with high demand for building materials during the pandemic. As reported in a May 8, 2021 Visual Capitalist article by Marcus Lu, lumber prices alone have increased 377% during the pandemic, resulting in $50,000 worth of lumber in May 2021 only being sufficient to build approximately 2.5 single family housing units, as compared to constructing slightly over 10 similarly sized single family housing units in May 2020.

- PHA has exhausted almost all grants and loan funding available from the USDA for the houses currently being built in Forks. The current six homes being built in Forks have seen an increase of 81.4% to 91.3% in material costs causing the projects to be over budget. With no guaranteed prices of lumber, each home's build cost is expected to be over budget by approximately $35,000.

- As a result, PHA was forced to place all six Forks homes that are part of the Mutual Self-Help program on hold due to lack of sufficient funding which, if not funded, could cause the families to lose the land and unfinished houses into foreclosure.

PENINSULA HOUSING AUTHORITY SUBRECIPIENT AGREEMENT

Based on guidance received from the WA State Department of Commerce, we have structured this awarding of ARPA funds to PHA as a Subrecipient agreement rather than as a direct beneficiary grant, given that PHA use of ARPA funds to be provided are being limited to being used solely for affordable housing building costs, which are being incurred in support of building affordable housing dwellings that will ultimately be owned by eligible low income households.

Eligible Use Criteria:
Funds are to be used to cover any gaps in funding affordable housing construction expenses incurred from March 1, 2021 thru December 31, 2024 incurred by the client of PHA through its Down Payment Assistance program for the six affordable housing units being built in Forks and other similar affordable housing projects located in Clallam County for low income households with incomes of 50-80% of County AMI or less, and meeting PHA's other eligibility criteria for its Mutual Self-Help home ownership program and Down Payment Assistance Program. As funds are needed to address immediate cash flow needs of the Mutual Self-Help program which relies on available funding through PHA's Down Payment Assistance Program to cover home build funding gaps once USDA loan funds are exhausted, the County will be disbursing these funds to PHA upon execution of this agreement on the condition such funds are used in support of completion of the six Forks homes or similar affordable housing projects no later than December 31, 2024.

Reporting

PHA will be required to provide regular monthly reports of how these funds are utilized until all funds are depleted, and will also be required to provide an executive summary narrative describing how the funds were utilized in support of affordable housing projects for low income households in Clallam County within 30 days of all funds being expended.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐

Approval of this contract will authorize the release of $210,000 of ARPA funds from the American Rescue Plan Act special revenue fund to Peninsula Housing Authority upon execution of this Agreement.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)
In an effort to support PHA efforts to cover funding gaps in its current build affordable housing projects and to resume affordable projects on hold, we request the Commissioner's feedback and approval to proceed in submitting this agreement scheduled on Tuesday, October 19, 2021.

County Official signature & print name:  Mark Lane

Name of Employee/Stakeholder attending meeting: Mark Lane, Chelsea Lierly

Relevant Departments: ____Finance, BOCC_____

Date submitted: October 13, 2021

19961.21.008

ARPA SUBRECIPIENT AGREEMENT

This ARPA Subrecipient Agreement ("Agreement") is dated as of the _____ day of _____, 2021, by and between Clallam County, a Washington political subdivision ("County"), and Peninsula Housing Authority (Federal Tax ID 91-6000971, DUNS # 008764441), a special purpose public body corporate and politic of the State of Washington ("Subrecipient").

WHEREAS, the U.S. Department of the Treasury ("Treasury") has allocated to the County $15,020,640 of federal stimulus funding from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Funds under CFDA No. 21.027 ("ARPA Funds") under Section 603(b) of the Social Security Act, as amended by Section 9901 of the American Rescue Plan Act ("ARPA Act"), of which $7,510,320 was outlaid to the County on May 28, 2021 with the remainder of funds of $7,510,320 to be disbursed by Treasury to the County one year thereafter, for the limited purposes identified in the Interagency Agreement between the Treasury and Clallam County designated under FAIN #SLFRP2169 ("IGA"), identified as Attachment A, the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule ("Interim Final Rule"), identified as Attachment B, and the Compliance and Reporting Guidance for State and Local Fiscal Recovery Funds ("Compliance & Reporting Guidelines"), identified as Attachment C. Attachments A, B & C are attached hereto and incorporated herein by this reference.

WHEREAS, the ARPA Act authorizes the County to expend ARPA Funds awarded to the County for the following eligible purposes as outlined in the Interim Final Rule as follows:

(1) To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;
(2) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;
(3) For the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and
(4) To make necessary investments in water, sewer, or broadband infrastructure;
(5) To address the disparate impact of COVID-19 on certain populations and geographics, additional eligible services may include:

a. Addressing health disparities and the social determinants of health, including community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

b. Building stronger neighborhoods and communities, including supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;

c. Addressing educational disparities exacerbated by COVID-19, including: early

learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and

d. Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth. (collectively "Eligible Uses").

Pursuant to the ARPA Act, Eligible Uses under this non-R&D federal program must be obligated no earlier than March 3, 2021 and no later than December 31, 2024, with final disbursement of all funds no later than December 31, 2026.

WHEREAS, the County desires to allocate portions of the ARPA Funds awarded to Clallam County in support of non-profit organizations and other agencies engaged in supporting and developing affordable housing in Clallam County to meet the housing needs of low income households, those residents residing in Qualified Census Tracts, and other vulnerable populations or geographic areas disproportionately-impacted by the COVID public health emergency in the County who are experiencing housing insecurity, substandard living conditions or homelessness, which is consistent with Item 5 (b) of the Eligible Uses of ARPA Funds outlined above.

WHEREAS, the Subrecipient is a Clallam County - based special purpose public body of Washington State organization that provides low income families or individuals construction assistance through its own Down Payment Assistance program and assists with no-down, low-interest loans from USDA-Rural Development, providing them the ability to work together to build one another's homes through the Mutual Self-Help Program. This program provides accessible affordable homeownership to Clallam County residents with average household income of 50-80% of County AMI or less. This home building program has experienced substantial negative economic impact during the COVID-19 public health emergency and significantly impaired the ability to fund and complete planned affordable housing projects in Clallam County. Such economic impacts include the following:

- The Subrecipient's construction assistance building projects experienced a sharp increase in its building costs due to the COVID-19 public health emergency. Home construction material costs increased dramatically during the pandemic due to supply chain and labor shortage disruptions, coupled with high demand for building materials during the pandemic. As reported in a May 8, 2021 Visual Capitalist article by Marcus Lu, lumber prices alone have increased 377% during the pandemic, resulting in $50,000 worth of lumber in May 2021 only being sufficient to build approximately 2.5 single family housing units, as compared to constructing slightly over 10 similarly sized single family housing units in May 2020.
- The Subrecipient has exhausted almost all grants and loan funding available from the USDA for the houses currently being built. The current six homes being built in Forks have seen an increase of 81.4% to 91.3% in material costs causing the projects to be over budget. With no guaranteed prices of lumber, each home's build cost is expected to be over budget by approximately $35,000.

- As a result, the Subrecipient was forced to place all six Forks homes that are part of the Mutual Self-Help program on hold due to lack of sufficient funding which, if not funded, could cause the families to lose the land and unfinished houses into foreclosure.

WHEREAS, the County believes the provision of economic support to the Subrecipient is necessary and appropriate given the Subrecipient's critical role in providing affordable housing to impacted, low-income residents of Clallam County and given the impact that higher building materials incurred by the affordable housing projects in Forks due to the COVID-19 emergency are having on the Subrecipient's ability to assist low income households fully cover funding gaps of their planned affordable housing projects, and represents an eligible use of ARPA funds as outlined previously;

WHEREAS, the County and Subrecipient desire to enter into this Agreement so that the County may advance ARPA Funds to the Subrecipient to provide the Subrecipient with additional cash flow needed to enable the Subrecipient to proceed with assisting in the completion of affordable housing projects within Clallam County as allowed under the IGA and Interim Final Rule.

NOW, THEREFORE, in consideration of the foregoing recitals which are incorporated herein by reference, and the terms and conditions set forth below, the parties agree as follows:

1. Effective Date and Term. This Agreement shall commence when last executed by all parties and remain in effect until December 31, 2024, unless terminated by the County in writing.

2. ARPA Funds. The County agrees to provide the Subrecipient a total sum not to exceed $210,000 which may be used by the Subrecipient to cover any gaps in funding for these six Forks homes and other similar affordable housing projects located in Clallam County that families are participating in building through its Mutual Self- Help Program and that qualify for assistance under the Subrecipient's Down Payment Assistance Program. As funds are needed to address immediate cash flow of the Mutual Self-Help program which relies on available funding through the Subrecipient's Down Payment Assistance Program to cover home build funding gaps once USDA loans funds are exhausted, the County agrees to disburse funds to the Subrecipient upon execution of this Agreement. All funds advanced to the Subrecipient must be expended no later than December 31, 2024 based on eligible uses of funds outlined in Attachment D, with any unspent grant funds advanced to the Subrecipient by the County to be refunded to the County upon earlier of the end of the term of the Agreement, or the termination of the Agreement by the County.

3. Subrecipient's Use of ARPA Funds. The Subrecipient shall ensure that the ARPA Funds requests are necessary Eligible Uses under one of the following cost categories: a) To respond to the COVID-19 public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality, b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers, c) For the provision of government services to the extent of the

reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; d) To make necessary investments in water, sewer, or broadband infrastructure; and e) To address the disparate impact of COVID-19 on certain populations and geographics by provision of services to address health disparities and the social determinants of health, to build stronger neighborhoods and communities, to address educational disparities exacerbated by COVID-19, and promoting healthy childhood environments.

4. Ineligible Uses. Non-allowable uses of ARPA Funds include, without limitation, the following: a) usage of funds to either directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation or administrative interpretation during the covered period that reduces any tax or delays the imposition of any tax or tax increase; b) damages covered by insurance; c) usage of funds as a deposit into any pension fund; d) expenses that have been or will be reimbursed under any federal program; e) debt service costs; f) contributions to a "rainy day" fund; and d) legal settlements.

5. Reporting Requirements. To facilitate the County's compliance with reporting requirements for usage of ARPA funding under the IGA and to insure the ARPA funds provided to the Subrecipient are utilized in accordance with Attachment D, the Subrecipient will submit one A-19 equivalent request schedule per month to the County on or before the 10th day following the end of each calendar month during the term of the Agreement, detailing how the ARPA funds were utilized by the Subrecipient in support of affordable housing projects in Clallam County, until such time as such funds are fully depleted. Within 30 days of funds being fully depleted, the Subrecipient shall provide an executive summary narrative describing how the funds granted under this Agreement were utilized in support of affordable housing projects in Clallam County. Failure to provide any of the required documentation may result in termination of the Agreement and refunding all remaining unspent grant funds paid to the Subrecipient by the County.

6. Termination. The County may terminate this Agreement, for convenience or otherwise and for no consideration or damages, upon prior written notice to the Subrecipient.

7. Independent Contractor. Each party under the Agreement shall be for all purposes an Independent Contractor. Nothing contained herein will be deemed to create an association, a partnership, a joint venture, or a relationship of principal and agent, or employer and employee between the parties. The Subrecipient shall not be, or be deemed to be, or act or purport to act, as an employee, agent, or representative of the County for any purpose.

8. Indemnification. The Subrecipient agrees to defend, indemnify and hold the County, its officers, officials, employees, agents and volunteers harmless from and against any and all claims, injuries, damages, losses or expenses including without limitation personal injury, bodily injury, sickness, disease, or death, or damage to or destruction of property, which are alleged or proven to be caused in whole or in part by an act or omission of the Subrecipient, its officers, directors, employees, and/or agents relating to the

Subrecipient's performance or failure to perform under this Agreement. The section shall survive the expiration or termination of this Agreement.

9. Compliance with Laws, Guidelines. The Subrecipient shall comply with all federal, state, and local laws and all requirements (including debarment and other required certifications and audits) of the IGA, Interim Final Rule, and Compliance & Reporting Guidelines to the extent applicable, when disbursing ARPA Funds to recipients or when seeking Reimbursement from the County.

10. Maintenance and Audit of Records. The Subrecipient shall maintain records, books, documents, and other materials relevant to its performance under this Agreement. These records shall be subject to inspection, review and audit by the County or its designee, the Washington State Auditor's Office and as required by the IGA, Interim Final Rule and Compliance & Reporting Guidelines for five (5) years following termination of this Agreement. If it is determined during the course of the audit that the Subrecipient was reimbursed for unallowable costs under this Agreement, the Subrecipient agrees to promptly reimburse the County for such payments upon request.

11. Notices. Any notice desired or required to be given hereunder shall be in writing, and shall be deemed received three (3) days after deposit with the U.S. Postal Service, postage fully prepaid, certified mail, return receipt requested, and addressed to the party to which it is intended at its last known address, or to such other person or address as either party shall designate to the other from time to time in writing forwarded in like manner:

Subrecipient
Peninsula Housing Authority
Attn: Sarah T. Martinez, Executive Director
2603 S. Francis St
Port Angeles, WA 98362

Clallam County
Attn: Mark Lane, Chief Financial Officer
223 E 4th St, Suite 4
Port Angeles, WA 98362-3015

12. Improper Influence. Each party warrants that it did not and will not employ, retain, or contract with any person or entity on a contingent compensation basis for the purpose of seeking, obtaining, maintaining, or extending this Agreement. Each party agrees, warrants, and represents that no gratuity whatsoever has been or will offered or conferred with a view towards obtaining, maintaining, or extending this Agreement.

13. Conflict of Interest. The elected and appointed officials and employees of the parties shall not have any personal interest, direct or indirect, which gives rise to a conflict of interest.

14. Time. Time is of the essence in this Agreement.

15. Survival. The provisions of this Agreement that by their sense and purpose should survive expiration or termination of the Agreement shall so survive. Those provisions include without limitation Indemnification and Maintenance and Audit of Records.

16. Amendment. No amendment or modification to the Agreement will be effective without the prior written consent of the authorized representatives of the parties.

17. Governing Law; Venue. The Agreement will be governed in all respects by the laws of the Washington State, both as to interpretation and performance, without regard to conflicts of law or choice of law provisions. Any action arising out of or in connection with the Agreement may be instituted and maintained only in a court of competent jurisdiction in Clallam County, Washington or as provided by RCW 36.01.050.

17. Non-Waiver. No failure on the part of the County to exercise, and no delay in exercising, any right hereunder shall operate as a wavier thereof; nor shall any single or partial exercise by the County of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedy available to the County at law or in equity.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors.

19. Assignment. The Subrecipient shall not assign or transfer any of its interests in or obligations under this Agreement without the prior written consent of the County.

20. Entire Agreement. This Agreement constitutes the entire agreement between the County and the Recipient for the use of funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the parties with respect to this Agreement.

21. No Third Party Beneficiaries. Nothing herein shall or be deemed to create or confer any right, action, or benefit in, to, or on the part of any person or entity that is not a party to this Agreement. This provision shall not limit any obligation which either Party has to Treasury in connection with the use of ARPA Funds, including the obligations to provide access to records and cooperate with audits as provided in this Agreement.

22. Severability. In the event that one or more provisions of this Agreement shall be determined to be invalid by any court of competent jurisdiction or agency having jurisdiction thereof, the remainder of the Agreement shall remain in full force and effect and the invalid provisions shall be deemed deleted.

23. Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original but all of which together shall constitute one and the same instrument.

24. Authorization. Each party signing below warrants to the other party, that they have the full power and authority to execute this Agreement on behalf of the party for whom they sign.

IN WITNESS WHEREOF, this Agreement is executed and shall become effective as of the last date signed below.

DATED this _____ day of _____, 2021.

SUBRECIPIENT

By: _____

Print Name: Sarah T. Martinez

Its: Executive Director

DATED this _____ day of _____, 2021.

APPROVED AS TO FORM by DPA Stanley

BOARD OF COUNTY COMMISSIONERS
CLALLAM COUNTY, WASHINGTON

_____
MARK OZIAS, Chair

_____
RANDY JOHNSON, Commissioner

_____
BILL PEACH, Commissioner

ATTEST:

_____
L. Gores, Clerk of the Board

ATTACHMENT A

INTERAGENCY AGREEMENT BETWEEN
THE U.S. DEPARTMENT OF TREASURY AND
CLALLAM COUNTY

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

OMB Approved No. 1505-0271
Expiration Date: November 30, 2021

U.S. DEPARTMENT OF THE TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS

Recipient name and address: CLALLAM COUNTY 223 EAST FOURTH STREET, SUITE 4 PORT ANGELES, Washington, 98362-3015	DUNS Number: 075739235 Taxpayer Identification Number: 916001298 Assistance Listing Number: 21.019

Sections 602(b) and 603(b) of the Social Security Act (the Act) as added by section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2 (March 11, 2021) authorize the Department of the Treasury (Treasury) to make payments to certain recipients from the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund.

Recipient hereby agrees, as a condition to receiving such payment from Treasury, to the terms attached hereto.

Recipient: DocuSigned by: MARK OZIAS 9C5FE664B8F24C1...

Authorized Representative: MARK OZIAS

Title: CHAIRMAN, BOARD OF CLALLAM COUNTY COMMISSIONERS

Date signed: 5/19/2021

U.S. Department of the Treasury:

_____

Authorized Representative:

Title:

Date:

PAPERWORK REDUCTION ACT NOTICE
The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 15 minutes per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

U.S. DEPARTMENT OF THE TREASURY
CORONAVIRUS LOCAL FISCAL RECOVERY FUND
AWARD TERMS AND CONDITIONS

1. Use of Funds.
   a. Recipient understands and agrees that the funds disbursed under this award may only be used in compliance with section 603(c) of the Social Security Act (the Act), Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing.

   b. Recipient will determine prior to engaging in any project using this assistance that it has the institutional, managerial, and financial capability to ensure proper planning, management, and completion of such project.

2. Period of Performance. The period of performance for this award begins on the date hereof and ends on December 31, 2026. As set forth in Treasury's implementing regulations, Recipient may use award funds to cover eligible costs incurred during the period that begins on March 3, 2021, and ends on December 31, 2024.

3. Reporting. Recipient agrees to comply with any reporting obligations established by Treasury as they relate to this award.

4. Maintenance of and Access to Records
   a. Recipient shall maintain records and financial documents sufficient to evidence compliance with section 603(c) of the Act, Treasury's regulations implementing that section, and guidance issued by Treasury regarding the foregoing.

   b. The Treasury Office of Inspector General and the Government Accountability Office, or their authorized representatives, shall have the right of access to records (electronic and otherwise) of Recipient in order to conduct audits or other investigations.

   c. Records shall be maintained by Recipient for a period of five (5) years after all funds have been expended or returned to Treasury, whichever is later.

5. Pre-award Costs. Pre-award costs, as defined in 2 C.F.R. § 200.458, may not be paid with funding from this award.

6. Administrative Costs. Recipient may use funds provided under this award to cover both direct and indirect costs.

7. Cost Sharing. Cost sharing or matching funds are not required to be provided by Recipient.

8. Conflicts of Interest. Recipient understands and agrees it must maintain a conflict of interest policy consistent with 2 C.F.R. § 200.318(c) and that such conflict of interest policy is applicable to each activity funded under this award. Recipient and subrecipients must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds in accordance with 2 C.F.R. § 200.112.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

9. Compliance with Applicable Law and Regulations.
   a. Recipient agrees to comply with the requirements of section 603 of the Act, regulations adopted by Treasury pursuant to section 603(f) of the Act, and guidance issued by Treasury regarding the foregoing. Recipient also agrees to comply with all other applicable federal statutes, regulations, and executive orders, and Recipient shall provide for such compliance by other parties in any agreements it enters into with other parties relating to this award.

   b. Federal regulations applicable to this award include, without limitation, the following:

      i. Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 C.F.R. Part 200, other than such provisions as Treasury may determine are inapplicable to this Award and subject to such exceptions as may be otherwise provided by Treasury. Subpart F – Audit Requirements of the Uniform Guidance, implementing the Single Audit Act, shall apply to this award.

      ii. Universal Identifier and System for Award Management (SAM), 2 C.F.R. Part 25, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 25 is hereby incorporated by reference.

      iii. Reporting Subaward and Executive Compensation Information, 2 C.F.R. Part 170, pursuant to which the award term set forth in Appendix A to 2 C.F.R. Part 170 is hereby incorporated by reference.

      iv. OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement), 2 C.F.R. Part 180, including the requirement to include a term or condition in all lower tier covered transactions (contracts and subcontracts described in 2 C.F.R. Part 180, subpart B) that the award is subject to 2 C.F.R. Part 180 and Treasury's implementing regulation at 31 C.F.R. Part 19.

      v. Recipient Integrity and Performance Matters, pursuant to which the award term set forth in 2 C.F.R. Part 200, Appendix XII to Part 200 is hereby incorporated by reference.

      vi. Governmentwide Requirements for Drug-Free Workplace, 31 C.F.R. Part 20.

      vii. New Restrictions on Lobbying, 31 C.F.R. Part 21.

      viii. Uniform Relocation Assistance and Real Property Acquisitions Act of 1970 (42 U.S.C. §§ 4601-4655) and implementing regulations.

      ix. Generally applicable federal environmental laws and regulations.

   c. Statutes and regulations prohibiting discrimination applicable to this award include, without limitation, the following:

      i. Title VI of the Civil Rights Act of 1964 (42 U.S.C. §§ 2000d et seq.) and Treasury's implementing regulations at 31 C.F.R. Part 22, which prohibit discrimination on the basis of race, color, or national origin under programs or activities receiving federal financial assistance;

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

ii. The Fair Housing Act, Title VIII of the Civil Rights Act of 1968 (42 U.S.C. §§ 3601 et seq.), which prohibits discrimination in housing on the basis of race, color, religion, national origin, sex, familial status, or disability;

iii. Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. § 794), which prohibits discrimination on the basis of disability under any program or activity receiving federal financial assistance;

iv. The Age Discrimination Act of 1975, as amended (42 U.S.C. §§ 6101 et seq.), and Treasury's implementing regulations at 31 C.F.R. Part 23, which prohibit discrimination on the basis of age in programs or activities receiving federal financial assistance; and

v. Title II of the Americans with Disabilities Act of 1990, as amended (42 U.S.C. §§ 12101 et seq.), which prohibits discrimination on the basis of disability under programs, activities, and services provided or made available by state and local governments or instrumentalities or agencies thereto.

10. Remedial Actions. In the event of Recipient's noncompliance with section 603 of the Act, other applicable laws, Treasury's implementing regulations, guidance, or any reporting or other program requirements, Treasury may impose additional conditions on the receipt of a subsequent tranche of future award funds, if any, or take other available remedies as set forth in 2 C.F.R. § 200.339. In the case of a violation of section 603(c) of the Act regarding the use of funds, previous payments shall be subject to recoupment as provided in section 603(e) of the Act.

11. Hatch Act. Recipient agrees to comply, as applicable, with requirements of the Hatch Act (5 U.S.C. §§ 1501-1508 and 7324-7328), which limit certain political activities of State or local government employees whose principal employment is in connection with an activity financed in whole or in part by this federal assistance.

12. False Statements. Recipient understands that making false statements or claims in connection with this award is a violation of federal law and may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in federal awards or contracts, and/or any other remedy available by law.

13. Publications. Any publications produced with funds from this award must display the following language: "This project [is being] [was] supported, in whole or in part, by federal award number [enter project FAIN] awarded to [name of Recipient] by the U.S. Department of the Treasury."

14. Debts Owed the Federal Government.
    a. Any funds paid to Recipient (1) in excess of the amount to which Recipient is finally determined to be authorized to retain under the terms of this award; (2) that are determined by the Treasury Office of Inspector General to have been misused; or (3) that are determined by Treasury to be subject to a repayment obligation pursuant to section 603(e) of the Act and have not been repaid by Recipient shall constitute a debt to the federal government.

    b. Any debts determined to be owed the federal government must be paid promptly by

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

Recipient. A debt is delinquent if it has not been paid by the date specified in Treasury's initial written demand for payment, unless other satisfactory arrangements have been made or if the Recipient knowingly or improperly retains funds that are a debt as defined in paragraph 14(a). Treasury will take any actions available to it to collect such a debt.

15. Disclaimer.
    a. The United States expressly disclaims any and all responsibility or liability to Recipient or third persons for the actions of Recipient or third persons resulting in death, bodily injury, property damages, or any other losses resulting in any way from the performance of this award or any other losses resulting in any way from the performance of this award or any contract, or subcontract under this award.

    b. The acceptance of this award by Recipient does not in any way establish an agency relationship between the United States and Recipient.

16. Protections for Whistleblowers.
    a. In accordance with 41 U.S.C. § 4712, Recipient may not discharge, demote, or otherwise discriminate against an employee in reprisal for disclosing to any of the list of persons or entities provided below, information that the employee reasonably believes is evidence of gross mismanagement of a federal contract or grant, a gross waste of federal funds, an abuse of authority relating to a federal contract or grant, a substantial and specific danger to public health or safety, or a violation of law, rule, or regulation related to a federal contract (including the competition for or negotiation of a contract) or grant.

    b. The list of persons and entities referenced in the paragraph above includes the following:
        i. A member of Congress or a representative of a committee of Congress;
        ii. An Inspector General;
        iii. The Government Accountability Office;
        iv. A Treasury employee responsible for contract or grant oversight or management;
        v. An authorized official of the Department of Justice or other law enforcement agency;
        vi. A court or grand jury; or
        vii. A management official or other employee of Recipient, contractor, or subcontractor who has the responsibility to investigate, discover, or address misconduct.

    c. Recipient shall inform its employees in writing of the rights and remedies provided under this section, in the predominant native language of the workforce.

17. Increasing Seat Belt Use in the United States. Pursuant to Executive Order 13043, 62 FR 19217 (Apr. 18, 1997), Recipient should encourage its contractors to adopt and enforce on-the-job seat belt policies and programs for their employees when operating company-owned, rented or personally owned vehicles.

18. Reducing Text Messaging While Driving. Pursuant to Executive Order 13513, 74 FR 51225 (Oct. 6, 2009), Recipient should encourage its employees, subrecipients, and contractors to adopt and enforce policies that ban text messaging while driving, and Recipient should establish workplace safety policies to decrease accidents caused by distracted drivers.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

OMB Approved No. 1505-0271
Expiration Date: November 30, 2021

ASSURANCES OF COMPLIANCE WITH CIVIL RIGHTS REQUIREMENTS

ASSURANCES OF COMPLIANCE WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

As a condition of receipt of federal financial assistance from the Department of the Treasury, the recipient named below (hereinafter referred to as the "Recipient") provides the assurances stated herein. The federal financial assistance may include federal grants, loans and contracts to provide assistance to the Recipient's beneficiaries, the use or rent of Federal land or property at below market value, Federal training, a loan of Federal personnel, subsidies, and other arrangements with the intention of providing assistance. Federal financial assistance does not encompass contracts of guarantee or insurance, regulated programs, licenses, procurement contracts by the Federal government at market value, or programs that provide direct benefits.

The assurances apply to all federal financial assistance from or funds made available through the Department of the Treasury, including any assistance that the Recipient may request in the future.

The Civil Rights Restoration Act of 1987 provides that the provisions of the assurances apply to all of the operations of the Recipient's program(s) and activity(ies), so long as any portion of the Recipient's program(s) or activity(ies) is federally assisted in the manner prescribed above.

1. Recipient ensures its current and future compliance with Title VI of the Civil Rights Act of 1964, as amended, which prohibits exclusion from participation, denial of the benefits of, or subjection to discrimination under programs and activities receiving federal financial assistance, of any person in the United States on the ground of race, color, or national origin (42 U.S.C. § 2000d *et seq.*), as implemented by the Department of the Treasury Title VI regulations at 31 CFR Part 22 and other pertinent executive orders such as Executive Order 13166, directives, circulars, policies, memoranda, and/or guidance documents.
2. Recipient acknowledges that Executive Order 13166, "Improving Access to Services for Persons with Limited English Proficiency," seeks to improve access to federally assisted programs and activities for individuals who, because of national origin, have Limited English proficiency (LEP). Recipient understands that denying a person access to its programs, services, and activities because of LEP is a form of national origin discrimination prohibited under Title VI of the Civil Rights Act of 1964 and the Department of the Treasury's implementing regulations. Accordingly, Recipient shall initiate reasonable steps, or comply with the Department of the Treasury's directives, to ensure that LEP persons have meaningful access to its programs, services, and activities. Recipient understands and agrees that meaningful access may entail providing language assistance services, including oral interpretation and written translation where necessary, to ensure effective communication in the Recipient's programs, services, and activities.
3. Recipient agrees to consider the need for language services for LEP persons when Recipient develops applicable budgets and conducts programs, services, and activities. As a resource, the Department of the Treasury has published its LEP guidance at 70 FR 6067. For more information on taking reasonable steps to provide meaningful access for LEP persons, please visit http://www.lep.gov.

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

4. Recipient acknowledges and agrees that compliance with the assurances constitutes a condition of continued receipt of federal financial assistance and is binding upon Recipient and Recipient's successors, transferees, and assignees for the period in which such assistance is provided.

5. Recipient acknowledges and agrees that it must require any sub-grantees, contractors, subcontractors, successors, transferees, and assignees to comply with assurances 1-4 above, and agrees to incorporate the following language in every contract or agreement subject to Title VI and its regulations between the Recipient and the Recipient's sub-grantees, contractors, subcontractors, successors, transferees, and assignees:

   The sub-grantee, contractor, subcontractor, successor, transferee, and assignee shall comply with Title VI of the Civil Rights Act of 1964, which prohibits recipients of federal financial assistance from excluding from a program or activity, denying benefits of, or otherwise discriminating against a person on the basis of race, color, or national origin (42 U.S.C. § 2000d et seq.), as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, which are herein incorporated by reference and made a part of this contract (or agreement). Title VI also includes protection to persons with "Limited English Proficiency" in any program or activity receiving federal financial assistance, 42 U.S.C. § 2000d et seq., as implemented by the Department of the Treasury's Title VI regulations, 31 CFR Part 22, and herein incorporated by reference and made a part of this contract or agreement.

6. Recipient understands and agrees that if any real property or structure is provided or improved with the aid of federal financial assistance by the Department of the Treasury, this assurance obligates the Recipient, or in the case of a subsequent transfer, the transferee, for the period during which the real property or structure is used for a purpose for which the federal financial assistance is extended or for another purpose involving the provision of similar services or benefits. If any personal property is provided, this assurance obligates the Recipient for the period during which it retains ownership or possession of the property.

7. Recipient shall cooperate in any enforcement or compliance review activities by the Department of the Treasury of the aforementioned obligations. Enforcement may include investigation, arbitration, mediation, litigation, and monitoring of any settlement agreements that may result from these actions. The Recipient shall comply with information requests, on-site compliance reviews and reporting requirements.

8. Recipient shall maintain a complaint log and inform the Department of the Treasury of any complaints of discrimination on the grounds of race, color, or national origin, and limited English proficiency covered by Title VI of the Civil Rights Act of 1964 and implementing regulations and provide, upon request, a list of all such reviews or proceedings based on the complaint, pending or completed, including outcome. Recipient also must inform the Department of the Treasury if Recipient has received no complaints under Title VI.

9. Recipient must provide documentation of an administrative agency's or court's findings of non-compliance of Title VI and efforts to address the non-compliance, including any voluntary compliance or other

DocuSign Envelope ID: EF22FEC0-DB4C-45DA-B2F0-43D84D64229D

agreements between the Recipient and the administrative agency that made the finding. If the Recipient settles a case or matter alleging such discrimination, the Recipient must provide documentation of the settlement. If Recipient has not been the subject of any court or administrative agency finding of discrimination, please so state.

10. If the Recipient makes sub-awards to other agencies or other entities, the Recipient is responsible for ensuring that sub-recipients also comply with Title VI and other applicable authorities covered in this document State agencies that make sub-awards must have in place standard grant assurances and review procedures to demonstrate that that they are effectively monitoring the civil rights compliance of sub-recipients.

The United States of America has the right to seek judicial enforcement of the terms of this assurances document and nothing in this document alters or limits the federal enforcement measures that the United States may take in order to address violations of this document or applicable federal law.

Under penalty of perjury, the undersigned official(s) certifies that official(s) has read and understood the Recipient's obligations as herein described, that any information submitted in conjunction with this assurances document is accurate and complete, and that the Recipient is in compliance with the aforementioned nondiscrimination requirements.

CLALLAM COUNTY

Recipient

5/19/2021

Date

DocuSigned by:
MARK OZIAS
9C5FE664B8F24C1...

Signature of Authorized Official

PAPERWORK REDUCTION ACT NOTICE

The information collected will be used for the U.S. Government to process requests for support. The estimated burden associated with this collection of information is 30 minutes per response. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the Office of Privacy, Transparency and Records, Department of the Treasury, 1500 Pennsylvania Ave., N.W., Washington, D.C. 20220. DO NOT send the form to this address. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid control number assigned by OMB.

ATTACHMENT B

U.S. DEPARTMENT OF TREASURY
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS
INTERIM FINAL RULE
DATED 5-17-2021

DEPARTMENT OF THE TREASURY

31 CFR Part 35

RIN 1505–AC77

Coronavirus State and Local Fiscal Recovery Funds

AGENCY: Department of the Treasury.

ACTION: Interim final rule.

SUMMARY: The Secretary of the Treasury (Treasury) is issuing this interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

DATES: *Effective date:* The provisions in this interim final rule are effective May 17, 2021.

Comment date: Comments must be received on or before July 16, 2021.

ADDRESSES: Please submit comments electronically through the Federal eRulemaking Portal: *http://www.regulations.gov*. Comments can be mailed to the Office of the Undersecretary for Domestic Finance, Department of the Treasury, 1500 Pennsylvania Avenue NW, Washington, DC 20220. Because postal mail may be subject to processing delay, it is recommended that comments be submitted electronically. All comments should be captions with "Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule Comments." Please include your name, organization affiliation, address, email address and telephone number in your comment. Where appropriate, a comment should include a short executive summary.

In general, comments received will be posted on *http://www.regulations.gov* without change, including any business or personal information provided. Comments received, including attachments and other supporting materials, will be part of the public record and subject to public disclosure. Do not enclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

FOR FURTHER INFORMATION CONTACT: Katharine Richards, Senior Advisor, Office of Recovery Programs, Department of the Treasury, (844) 529–9527.

SUPPLEMENTARY INFORMATION:

I. Background Information

A. Overview

Since the first case of coronavirus disease 2019 (COVID–19) was discovered in the United States in January 2020, the disease has infected over 32 million and killed over 575,000 Americans.[1] The disease has impacted every part of life: As social distancing became a necessity, businesses closed, schools transitioned to remote education, travel was sharply reduced, and millions of Americans lost their jobs. In April 2020, the national unemployment rate reached its highest level in over seventy years following the most severe month-over-month decline in employment on record.[2] As of April 2021, there were still 8.2 million fewer jobs than before the pandemic.[3] During this time, a significant share of households have faced food and housing insecurity.[4] Economic disruptions impaired the flow of credit to households, State and local governments, and businesses of all sizes.[5] As businesses weathered closures and sharp declines in revenue, many were forced to shut down, especially small businesses.[6]

Amid this once-in-a-century crisis, State, territorial, Tribal, and local governments (State, local, and Tribal governments) have been called on to respond at an immense scale. Governments have faced myriad needs to prevent and address the spread of COVID–19, including testing, contact tracing, isolation and quarantine, public communications, issuance and enforcement of health orders, expansions to health system capacity like alternative care facilities, and in recent months, a massive nationwide mobilization around vaccinations. Governments also have supported major efforts to prevent COVID–19 spread through safety measures in settings like nursing homes, schools, congregate living settings, dense worksites, incarceration settings, and public facilities. The pandemic's impacts on behavioral health, including the toll of pandemic-related stress, have increased the need for behavioral health resources.

At the same time, State, local and Tribal governments launched major efforts to address the economic impacts of the pandemic. These efforts have been tailored to the needs of their communities and have included expanded assistance to unemployed workers; food assistance; rent, mortgage, and utility support; cash assistance; internet access programs; expanded services to support individuals experiencing homelessness; support for individuals with disabilities and older adults; and assistance to small businesses facing closures or revenue loss or implementing new safety measures.

In responding to the public health emergency and its negative economic impacts, State, local, and Tribal governments have seen substantial increases in costs to provide these services, often amid substantial declines in revenue due to the economic downturn and changing economic patterns during the pandemic.[7] Facing these budget challenges, many State, local, and Tribal governments have been forced to make cuts to services or their workforces, or delay critical investments. From February to May of 2020, State, local, and Tribal governments reduced their workforces by more than 1.5 million jobs and, in April of 2021, State, local, and Tribal government employment remained nearly 1.3 million jobs below pre-pandemic levels.[8] These cuts to State, local, and Tribal government workforces

[1] Centers for Disease Control and Prevention, COVID Data Tracker, *http://www.covid.cdc.gov/covid-data-tracker/#datatracker-home* (last visited May 8, 2021).

[2] U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/UNRATE*, May 3, 2021. U.S. Bureau of Labor Statistics, Employment Level [LNU02000000], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNU02000000*, May 3, 2021.

[3] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/PAYEMS*, May 7, 2021.

[4] Nirmita Panchal et al., The Implications of COVID–19 for Mental Health and Substance Abuse (Feb. 10, 2021), https://www.kff.org/coronavirus-covid-19/issue-brief/the-implications-of-covid-19-for-mental-health-and-substance-use/#:~:text=Older%20adults%20are%20also%20more,prior%20to%20the%20current%20crisis; U.S. Census Bureau, Household Pulse Survey: Measuring Social and Economic Impacts during the Coronavirus Pandemic, https://www.census.gov/programs-surveys/household-pulse-survey.html (last visited Apr. 26, 2021); Rebecca T. Leeb et al., Mental Health-Related Emergency Department Visits Among Children Aged <18 Years During the COVID Pandemic—United States, January 1—October 17, 2020, Morb. Mortal. Wkly. Rep. 69(45):1675–80 (Nov. 13, 2020), https://www.cdc.gov/mmwr/volumes/69/wr/mm6945a3.htm.

[5] Board of Governors of the Federal Reserve System, Monetary Policy Report (June 12, 2020), *https://www.federalreserve.gov/monetarypolicy/2020-06-mpr-summary.htm*.

[6] Joseph R. Biden, Remarks by President Biden on Helping Small Businesses (Feb. 22, 2021), *https://www.whitehouse.gov/briefing-room/speeches-remarks/2021/02/22/remarks-by-president-biden-on-helping-small-businesses/*.

[7] Michael Leachman, House Budget Bill Provides Needed Fiscal Aid for States, Localities, Tribal Nations, and Territories (Feb. 10, 2021), *https://www.cbpp.org/research/state-budget-and-tax/house-budget-bill-provides-needed-fiscal-aid-for-states-localities*.

[8] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited May 8, 2021).

come at a time when demand for government services is high, with State, local, and Tribal governments on the frontlines of fighting the pandemic. Furthermore, State, local, and Tribal government austerity measures can hamper overall economic growth, as occurred in the recovery from the Great Recession.[9]

Finally, although the pandemic's impacts have been widespread, both the public health and economic impacts of the pandemic have fallen most severely on communities and populations disadvantaged before it began. Low-income communities, people of color, and Tribal communities have faced higher rates of infection, hospitalization, and death,[10] as well as higher rates of unemployment and lack of basic necessities like food and housing.[11] Pre-existing social vulnerabilities magnified the pandemic in these communities, where a reduced ability to work from home and, frequently, denser housing amplified the risk of infection. Higher rates of pre-existing health conditions also may have contributed to more severe COVID–19 health outcomes.[12] Similarly, communities or households facing economic insecurity before the pandemic were less able to weather business closures, job losses, or declines in earnings and were less able to participate in remote work or education due to the inequities in access to reliable and affordable broadband infrastructure.[13] Finally, though schools in all areas faced challenges, those in high poverty areas had fewer resources to adapt to remote and hybrid learning models.[14] Unfortunately, the pandemic also has reversed many gains made by communities of color in the prior economic expansion.[15]

B. The Statute and Interim Final Rule

On March 11, 2021, the American Rescue Plan Act (ARPA) was signed into law by the President.[16] Section 9901 of ARPA amended Title VI of the Social Security Act[17] (the Act) to add section 602, which establishes the Coronavirus State Fiscal Recovery Fund, and section 603, which establishes the Coronavirus Local Fiscal Recovery Fund (together, the Fiscal Recovery Funds).[18] The Fiscal Recovery Funds are intended to provide support to State, local, and Tribal governments (together, recipients) in responding to the impact of COVID–19 and in their efforts to contain COVID–19 on their communities, residents, and businesses. The Fiscal Recovery Funds build on and expand the support provided to these governments over the last year, including through the Coronavirus Relief Fund (CRF).[19]

Through the Fiscal Recovery Funds, Congress provided State, local, and Tribal governments with significant resources to respond to the COVID–19 public health emergency and its economic impacts through four categories of eligible uses. Section 602 and section 603 contain the same eligible uses; the primary difference between the two sections is that section 602 establishes a fund for States, territories, and Tribal governments and section 603 establishes a fund for metropolitan cities, nonentitlement units of local government, and counties. Sections 602(c)(1) and 603(c)(1) provide that funds may be used:

(a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

(b) To respond to workers performing essential work during the COVID–19 public health emergency by providing premium pay to eligible workers;

(c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

(d) To make necessary investments in water, sewer, or broadband infrastructure.

In addition, Congress clarified two types of uses which do not fall within these four categories. Sections 602(c)(2)(B) and 603(c)(2) provide that these eligible uses do not include, and thus funds may not be used for, depositing funds into any pension fund. Section 602(c)(2)(A) also provides, for States and territories, that the eligible uses do not include "directly or indirectly offset[ting] a reduction in the net tax revenue of [the] State or territory resulting from a change in law, regulation, or administrative interpretation."

The ARPA provides a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. First, payments from the Fiscal Recovery Funds help to ensure that State, local, and Tribal governments have the resources needed to continue to take actions to decrease the spread of COVID–19 and bring the pandemic under control. Payments from the Fiscal Recovery Funds may also be used by recipients to provide support for costs incurred in addressing public health and economic challenges resulting from the pandemic, including resources to offer premium pay to essential workers, in recognition of their sacrifices over the

[9] Tracy Gordon, State and Local Budgets and the Great Recession, Brookings Institution (Dec. 31, 2012), *http://www.brookings.edu/articles/state-and-local-budgets-and-the-great-recession.*

[10] Sebastian D. Romano et al., Trends in Racial and Ethnic Disparities in COVID–19 Hospitalizations, by Region—United States, March–December 2020, MMWR Morb Mortal Wkly Rep 2021, 70:560–565 (Apr. 16, 2021), *https://www.cdc.gov/mmwr/volumes/70/wr/mm7015e2.htm?s_cid=mm7015e2_w.*

[11] Center on Budget and Policy Priorities, Tracking the COVID–19 Recession's Effects on Food, Housing, and Employment Hardships, *https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-housing-and* (last visited May 4, 2021).

[12] Lisa R. Fortuna et al., Inequity and the Disproportionate Impact of COVID–19 on Communities of Color in the United States: The Need for Trauma-Informed Social Justice Response, Psychological Trauma Vol. 12(5):443–45 (2020), *available at https://psycnet.apa.org/fulltext/2020-37320-001.pdf.*

[13] Emily Vogles et al., 53% of Americans Say the internet Has Been Essential During the COVID–19 Outbreak (Apr. 30, 2020), *https://www.pewresearch.org/internet/2020/04/30/53-of-americans-say-the-internet-has-been-essential-during-the-covid-19-outbreak/.*

[14] Emma Dorn et al., COVID–19 and student learning in the United States: The hurt could last a lifetime (June 2020), *https://webtest.childrensinstitute.net/sites/default/files/documents/COVID-19-and-student-learning-in-the-United-States_FINAL.pdf;* Andrew Bacher-Hicks et al., Inequality in Household Adaptation to Schooling Shocks: Covid-Induced Online Engagement in Real Time, J. of Public Econ. Vol. 193(C) (July 2020), *available at https://www.nber.org/papers/w27555.*

[15] *See, e.g.,* Tyler Atkinson & Alex Richter, Pandemic Disproportionately Affects Women, Minority Labor Force Participation, *https://www.dallasfed.org/research/economics/2020/1110* (last visited May 9, 2021); Jared Bernstein & Janelle Jones, The Impact of the COVID19 Recession on the Jobs and Incomes of Persons of Color, *https://www.cbpp.org/sites/default/files/atoms/files/6-2-20bud_0.pdf* (last visited May 9, 2021).

[16] American Rescue Plan Act of 2021 (ARPA), sec. 9901, Public Law 117–2, codified at 42 U.S.C. 802 *et seq.* The term "state" as used in this **SUPPLEMENTARY INFORMATION** and defined in section 602 of the Act means each of the 50 States and the District of Columbia. The term "territory" as used in this **SUPPLEMENTARY INFORMATION** and defined in section 602 of the Act means the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of Northern Mariana Islands, and American Samoa. Tribal government is defined in the Act and the interim final rule to mean "the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published most recently as of the date of enactment of the [American Rescue Plan Act] pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131)." See section 602(g)(7) of the Social Security Act, as added by the American Rescue Plan Act. On January 29, 2021, the Bureau of Indian Affairs published a current list of 574 Tribal entities. See 86 FR 7554, January 29, 2021. The term "local governments" as used in this **SUPPLEMENTARY INFORMATION** includes metropolitan cities, counties, and nonentitlement units of local government.

[17] 42 U.S.C. 801 *et seq.*

[18] Sections 602, 603 of the Act.

[19] The CRF was established by the section 601 of the Act as added by the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), Public Law 116–136, 134 Stat. 281 (2020).

last year. Recipients may also use payments from the Fiscal Recovery Funds to replace State, local, and Tribal government revenue lost due to COVID–19, helping to ensure that governments can continue to provide needed services and avoid cuts or layoffs. Finally, these resources lay the foundation for a strong, equitable economic recovery, not only by providing immediate economic stabilization for households and businesses, but also by addressing the systemic public health and economic challenges that may have contributed to more severe impacts of the pandemic among low-income communities and people of color.

Within the eligible use categories outlined in the Fiscal Recovery Funds provisions of ARPA, State, local, and Tribal governments have flexibility to determine how best to use payments from the Fiscal Recovery Funds to meet the needs of their communities and populations. The interim final rule facilitates swift and effective implementation by establishing a framework for determining the types of programs and services that are eligible under the ARPA along with examples of uses that State, local, and Tribal governments may consider. These uses build on eligible expenditures under the CRF, including some expansions in eligible uses to respond to the public health emergency, such as vaccination campaigns. They also reflect changes in the needs of communities, as evidenced by, for example, nationwide data demonstrating disproportionate impacts of the COVID–19 public health emergency on certain populations, geographies, and economic sectors. The interim final rule takes into consideration these disproportionate impacts by recognizing a broad range of eligible uses to help States, local, and Tribal governments support the families, businesses, and communities hardest hit by the COVID–19 public health emergency.

Implementation of the Fiscal Recovery Funds also reflect the importance of public input, transparency, and accountability. Treasury seeks comment on all aspects of the interim final rule and, to better facilitate public comment, has included specific questions throughout this **SUPPLEMENTARY INFORMATION**. Treasury encourages State, local, and Tribal governments in particular to provide feedback and to engage with Treasury regarding issues that may arise regarding all aspects of this interim final rule and Treasury's work in administering the Fiscal Recovery Funds. In addition, the interim final rule establishes certain regular reporting requirements, including by requiring State, local, and Tribal governments to publish information regarding uses of Fiscal Recovery Funds payments in their local jurisdiction. These reporting requirements reflect the need for transparency and accountability, while recognizing and minimizing the burden, particularly for smaller local governments. Treasury urges State, territorial, Tribal, and local governments to engage their constituents and communities in developing plans to use these payments, given the scale of funding and its potential to catalyze broader economic recovery and rebuilding.

II. Eligible Uses

A. Public Health and Economic Impacts

Sections 602(c)(1)(A) and 603(c)(1)(A) provide significant resources for State, territorial, Tribal governments, and counties, metropolitan cities, and nonentitlement units of local governments (each referred to as a recipient) to meet the wide range of public health and economic impacts of the COVID–19 public health emergency.

These provisions authorize the use of payments from the Fiscal Recovery Funds to respond to the public health emergency with respect to COVID–19 or its negative economic impacts. Section 602 and section 603 also describe several types of uses that would be responsive to the impacts of the COVID–19 public health emergency, including assistance to households, small businesses, and nonprofits and aid to impacted industries, such as tourism, travel, and hospitality.[20]

Accordingly, to assess whether a program or service is included in this category of eligible uses, a recipient should consider whether and how the use would respond to the COVID–19 public health emergency. Assessing whether a program or service "responds to" the COVID–19 public health emergency requires the recipient to, first, identify a need or negative impact of the COVID–19 public health emergency and, second, identify how the program, service, or other intervention addresses the identified need or impact. While the COVID–19 public health emergency affected many aspects of American life, eligible uses under this category must be in response to the disease itself or the harmful consequences of the economic disruptions resulting from or exacerbated by the COVID–19 public health emergency.

The interim final rule implements these provisions by identifying 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 the Fiscal Recovery Funds not explicitly listed. The interim final rule also provides flexibility for recipients to use payments from the Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but that fall under the terms of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID–19 public health emergency or its negative economic impacts. As an example, in determining whether a program or service responds to the negative economic impacts of the COVID–19 public health emergency, the interim final rule provides that payments from the Fiscal Recovery Funds should be designed to address an economic harm resulting from or exacerbated by the public health emergency. Recipients should assess the connection between the negative economic harm and the COVID–19 public health emergency, the nature and extent of that harm, and how the use of this funding would address such harm.

As discussed, the pandemic and the necessary actions taken to control the spread had a severe impact on households and small businesses, including in particular low-income workers and communities and people of color. While eligible uses under sections 602(c)(1)(A) and 603(c)(1)(A) provide flexibility to recipients to identify the most pressing local needs, Treasury encourages recipients to provide assistance to those households, businesses, and non-profits in communities most disproportionately impacted by the pandemic.

1. Responding to COVID–19

On January 21, 2020, the Centers for Disease Control and Prevention (CDC) identified the first case of novel coronavirus in the United States.[21] By late March, the virus had spread to many States and the first wave was growing rapidly, centered in the northeast.[22] This wave brought acute

[20] Sections 602(c)(1)(A), 603(c)(1)(A) of the Act.

[21] Press Release, Centers for Disease Control and Prevention, First Travel-related Case of 2019 Novel Coronavirus Detected in United States (Jan. 21, 2020), *https://www.cdc.gov/media/releases/2020/p0121-novel-coronavirus-travel-case.html.*

[22] Anne Schuchat et al., Public Health Response to the Initiation and Spread of Pandemic COVID–19 in the United States, February 24–April 21, 2021, MMWR Morb Mortal Wkly Rep 2021, 69(18):551–56 (May 8, 2021), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6918e2.htm.*

strain on health care and public health systems: Hospitals and emergency medical services struggled to manage a major influx of patients; response personnel faced shortages of personal protective equipment; testing for the virus was scarce; and congregate living facilities like nursing homes and prisons saw rapid spread. State, local, and Tribal governments mobilized to support the health care system, issue public health orders to mitigate virus spread, and communicate safety measures to the public. The United States has since faced at least two additional COVID–19 waves that brought many similar challenges: The second in the summer, centered in the south and southwest, and a wave throughout the fall and winter, in which the virus reached a point of uncontrolled spread across the country and over 3,000 people died per day.[23] By early May 2021, the United States has experienced over 32 million confirmed COVID–19 cases and over 575,000 deaths.[24]

Mitigating the impact of COVID–19, including taking actions to control its spread and support hospitals and health care workers caring for the sick, continues to require a major public health response from State, local and Tribal governments. New or heightened public health needs include COVID–19 testing, major expansions in contact tracing, support for individuals in isolation or quarantine, enforcement of public health orders, new public communication efforts, public health surveillance (*e.g.,* monitoring case trends and genomic sequencing for variants), enhancement to health care capacity through alternative care facilities, and enhancement of public health data systems to meet new demands or scaling needs. State, local, and Tribal governments have also supported major efforts to prevent COVID–19 spread through safety measures at key settings like nursing homes, schools, congregate living settings, dense worksites, incarceration settings, and in other public facilities. This has included implementing infection prevention measures or making ventilation improvements in congregate settings, health care settings, or other key locations.

Other response and adaptation costs include capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics. In recent months, State, local, and Tribal governments across the country have mobilized to support the national vaccination campaign, resulting in over 250 million doses administered to date.[25]

The need for public health measures to respond to COVID–19 will continue in the months and potentially years to come. This includes the continuation of the vaccination campaign for the general public and, if vaccinations are approved for children in the future, eventually for youths. This also includes monitoring the spread of COVID–19 variants, understanding the impact of these variants (especially on vaccination efforts), developing approaches to respond to those variants, and monitoring global COVID–19 trends to understand continued risks to the United States. Finally, the long-term health impacts of COVID–19 will continue to require a public health response, including medical services for individuals with "long COVID," and research to understand how COVID–19 impacts future health needs and raises risks for the millions of Americans who have been infected.

Other areas of public health have also been negatively impacted by the COVID–19 pandemic. For example, in one survey in January 2021, over 40 percent of American adults reported symptoms of depression or anxiety, up from 11 percent in the first half of 2019.[26] The proportion of children's emergency department visits related to mental health has also risen noticeably.[27] Similarly, rates of substance misuse and overdose deaths have spiked: Preliminary data from the CDC show a nearly 30 percent increase in drug overdose mortality from September 2019 to September 2020.[28] Stay-at-home orders and other pandemic responses may have also reduced the ability of individuals affected by domestic violence to access services.[29] Finally, some preventative public health measures like childhood vaccinations have been deferred and potentially forgone.[30]

While the pandemic affected communities across the country, it disproportionately impacted some demographic groups and exacerbated health inequities along racial, ethnic, and socioeconomic lines.[31] The CDC has found that racial and ethnic minorities are at increased risk for infection, hospitalization, and death from COVID–19, with Hispanic or Latino and Native American or Alaska Native patients at highest risk.[32]

Similarly, low-income and socially vulnerable communities have seen 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, as of May 2021.[33] Counties with high social vulnerability, as measured by factors such as poverty and educational attainment, have also fared more poorly than the national average, with 211 deaths per 100,000 as of May 2021.[34]

[23] Centers for Disease Control and Prevention, COVID Data Tracker: Trends in Number of COVID–19 Cases and Deaths in the US Reported to CDC, by State/Territory, *https://covid.cdc.gov/covid-data-tracker/#trends_dailytrendscases* (last visited May 8, 2021).

[24] *Id.*

[25] Centers for Disease Control and Prevention, COVID Data Tracker: COVID–19 Vaccinations in the United States, *https://covid.cdc.gov/covid-data-tracker/#vaccinations* (last visited May 8, 2021).

[26] Panchal, *supra* note 4; Mark É. Czeisler et al., Mental Health, Substance Abuse, and Suicidal Ideation During COVID–19 Pandemic– United States, June 24–30 2020, Morb. Mortal. Wkly. Rep. 69(32):1049–57 (Aug. 14, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6932a1.htm.*

[27] Leeb, *supra* note 4.

[28] Centers for Disease Prevention and Control, National Center for Health Statistics, Provisional Drug Overdose Death Counts, *https://www.cdc.gov/nchs/nvss/vsrr/drug-overdose-data.htm* (last visited May 8, 2021).

[29] Megan L. Evans, et al., A Pandemic within a Pandemic—Intimate Partner Violence during Covid–19, N. Engl. J. Med. 383:2302–04 (Dec. 10, 2020), *available at https://www.nejm.org/doi/full/10.1056/NEJMp2024046.*

[30] Jeanne M. Santoli et al., Effects of the COVID–19 Pandemic on Routine Pediatric Vaccine Ordering and Administration—United States, Morb. Mortal. Wkly. Rep. 69(19):591–93 (May 8, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6919e2.htm;* Marisa Langdon-Embry et al., Notes from the Field: Rebound in Routine Childhood Vaccine Administration Following Decline During the COVID–19 Pandemic—New York City, March 1–June 27, 2020, Morb. Mortal. Wkly. Rep. 69(30):999–1001 (Jul. 31 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6930a3.htm.*

[31] Office of the White House, National Strategy for the COVID–19 Response and Pandemic Preparedness (Jan. 21, 2021), *https://www.whitehouse.gov/wp-content/uploads/2021/01/National-Strategy-for-the-COVID-19-Response-and-Pandemic-Preparedness.pdf.*

[32] In a study of 13 states from October to December 2020, the CDC found that Hispanic or Latino and Native American or Alaska Native individuals were 1.7 times more likely to visit an emergency room for COVID–19 than White individuals, and Black individuals were 1.4 times more likely to do so than White individuals. *See* Romano, *supra* note 10.

[33] Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID–19 Cases and Deaths in the United States, by County-level Population Factors, *https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths* (last visited May 8, 2021).

[34] The CDC's Social Vulnerability Index includes fifteen variables measuring social vulnerability, including unemployment, poverty, education levels, single-parent households, disability status, non-English speaking households, crowded housing, and transportation access.

Centers for Disease Control and Prevention, COVID Data Tracker: Trends in COVID–19 Cases

Continued

Over the last year, Native Americans have experienced more than one and a half times the rate of COVID–19 infections, more than triple the rate of hospitalizations, and more than double the death rate compared to White Americans.[35] Low-income and minority communities also exhibit higher rates of pre-existing conditions that may contribute to an increased risk of COVID–19 mortality.[36]

In addition, individuals living in low-income communities may have had more limited ability to socially distance or to self-isolate when ill, resulting in faster spread of the virus, and were over-represented among essential workers, who faced greater risk of exposure.[37] Social distancing measures in response to the pandemic may have also exacerbated pre-existing public health challenges. For example, for children living in homes with lead paint, spending substantially more time at home raises the risk of developing elevated blood lead levels, while screenings for elevated blood lead levels declined during the pandemic.[38] The combination of these underlying social and health vulnerabilities may have contributed to more severe public health outcomes of the pandemic within these communities, resulting in an exacerbation of pre-existing disparities in health outcomes.[39]

Eligible Public Health Uses. The Fiscal Recovery Funds provide resources to meet and address these emergent public health needs, including through measures to counter the spread of COVID–19, through the provision of care for those impacted by the virus, and through programs or services that address disparities in public health that have been exacerbated by the pandemic. To facilitate implementation and use of payments from the Fiscal Recovery Funds, the interim final rule identifies a non-exclusive list of eligible uses of funding to respond to the COVID–19 public health emergency. Eligible uses listed under this section build and expand upon permissible expenditures under the CRF, while recognizing the differences between the ARPA and CARES Act, and recognizing that the response to the COVID–19 public health emergency has changed and will continue to change over time. To assess whether additional uses would be eligible under this category, recipients should identify an effect of COVID–19 on public health, including either or both of immediate effects or effects that may manifest over months or years, and assess how the use would respond to or address the identified need.

The interim final rule identifies a non-exclusive list of uses that address the effects of the COVID–19 public health emergency, including:

- *COVID–19 Mitigation and Prevention.* A broad range of services and programming are needed to contain COVID–19. Mitigation and prevention efforts for COVID–19 include vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (*e.g.*, monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (*e.g.*, nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools;[40] ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses.[41] They also include capital investments in public facilities to meet pandemic operational needs, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID–19 mitigation tactics. These COVID–19 prevention and mitigation programs and services, among others, were eligible expenditures under the CRF and are eligible uses under this category of eligible uses for the Fiscal Recovery Funds.[42]
- *Medical Expenses.* The COVID–19 public health emergency continues to have devastating effects on public health; the United States continues to average hundreds of deaths per day and the spread of new COVID–19 variants has raised new risks and genomic surveillance needs.[43] Moreover, our understanding of the potentially serious and long-term effects of the virus is growing, including the potential for symptoms like shortness of breath to continue for weeks or months, for multi-organ impacts from COVID–19, or for post-intensive care syndrome.[44] State and local governments may need to continue to provide care and services to address these near- and longer-term needs.[45]

and Deaths in the United States, by Social Vulnerability Index, *https://covid.cdc.gov/covid-data-tracker/#pop-factors_totaldeaths* (last visited May 8, 2021).

[35] Centers for Disease Control and Prevention, Risk for COVID–19 Infection, Hospitalization, and Death By Race/Ethnicity, *https://www.cdc.gov/coronavirus/2019-ncov/covid-data/investigations-discovery/hospitalization-death-by-race-ethnicity.html* (last visited Apr. 26, 2021).

[36] *See, e.g.*, Centers for Disease Control and Prevention, Risk of Severe Illness or Death from COVID–19 (Dec. 10, 2020), *https://www.cdc.gov/coronavirus/2019-ncov/community/health-equity/racial-ethnic-disparities/disparities-illness.html* (last visited Apr. 26, 2021).

[37] Milena Almagro et al., Racial Disparities in Frontline Workers and Housing Crowding During COVID–19: Evidence from Geolocation Data (Sept. 22, 2020), NYU Stern School of Business (forthcoming), *available at https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3695249;* Grace McCormack et al., Economic Vulnerability of Households with Essential Workers, JAMA 324(4):388–90 (2020), *available at https://jamanetwork.com/journals/jama/fullarticle/2767630.*

[38] *See, e.g.*, Joseph G. Courtney et al., Decreases in Young Children Who Received Blood Lead Level Testing During COVID–19—34 Jurisdictions, January–May 2020, Morb. Mort. Wkly. Rep. 70(5):155–61 (Feb. 5, 2021), *https://www.cdc.gov/mmwr/volumes/70/wr/mm7005a2.htm;* Emily A. Benfer & Lindsay F. Wiley, Health Justice Strategies to Combat COVID–19: Protecting Vulnerable Communities During a Pandemic, Health Affairs Blog (Mar. 19, 2020), *https://www.healthaffairs.org/do/10.1377/hblog20200319.757883/full/.*

[39] *See, e.g.*, Centers for Disease Control and Prevention, *supra* note 34; Benfer & Wiley, *supra* note 38; Nathaniel M. Lewis et al., Disparities in COVID–19 Incidence, Hospitalizations, and Testing, by Area-Level Deprivation—Utah, March 3–July 9, 2020, Morb. Mortal. Wkly. Rep. 69(38):1369–73 (Sept. 25, 2020), *https://www.cdc.gov/mmwr/volumes/69/wr/mm6938a4.htm.*

[40] This includes implementing mitigation strategies consistent with the Centers for Disease Control and Prevention's (CDC) Operational Strategy for K–12 Schools through Phased Prevention, *available at https://www.cdc.gov/coronavirus/2019-ncov/community/schools-childcare/operation-strategy.html.*

[41] Many of these expenses were also eligible in the CRF. Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID–19 will continue to be eligible under the ARPA, including those not explicitly listed here (*e.g.*, telemedicine costs, costs to facilitate compliance with public health orders, disinfection of public areas, facilitating distance learning, increased solid waste disposal needs related to PPE, paid sick and paid family and medical leave to public employees to enable compliance with COVID–19 public health precautions), with the following two exceptions: (1) The standard for eligibility of public health and safety payrolls has been updated (see section II.A of this **SUPPLEMENTARY INFORMATION**) and (2) expenses related to the issuance of tax-anticipation notes are no longer an eligible funding use (see discussion of debt service in section II.B of this **SUPPLEMENTARY INFORMATION**).

[42] Coronavirus Relief Fund for States, Tribal Governments, and Certain Eligible Local Governments, 86 FR 4182 (Jan. 15, 2021), *available at https://home.treasury.gov/system/files/136/CRF-Guidance-Federal-Register_2021-00827.pdf.*

[43] Centers for Disease Control and Prevention, *supra* note 24.

[44] Centers for Disease Control and Prevention, Long-Term Effects (Apr. 8, 2021), *https://www.cdc.gov/coronavirus/2019-ncov/long-term-effects.html* (last visited Apr. 26, 2021).

[45] Pursuant to 42 CFR 433.51 and 45 CFR 75.306, Fiscal Recovery Funds may not serve as a State or locality's contribution of certain Federal funds.

• *Behavioral Health Care.* In addition, new or enhanced State, local, and Tribal government services may be needed to meet behavioral health needs exacerbated by the pandemic and respond to other public health impacts. These services include mental health treatment, substance misuse treatment, other behavioral health services, hotlines or warmlines, crisis intervention, overdose prevention, infectious disease prevention, and services or outreach to promote access to physical or behavioral health primary care and preventative medicine.

• *Public Health and Safety Staff.* Treasury recognizes that responding to the public health and negative economic impacts of the pandemic, including administering the services described above, requires a substantial commitment of State, local, and Tribal government human resources. As a result, the Fiscal Recovery Funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, to the extent that their services are devoted to mitigating or responding to the COVID–19 public health emergency.[46] Accordingly, the Fiscal Recovery Funds may be used to support the payroll and covered benefits for the portion of the employee's time that is dedicated to responding to the COVID–19 public health emergency. For administrative convenience, the recipient may consider public health and safety employees to be entirely devoted to mitigating or responding to the COVID–19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated to responding to the COVID–19 public health emergency. Recipients may consider other presumptions for assessing the extent to which an employee, division, or operating unit is engaged in activities that respond to the COVID–19 public health emergency, provided that the recipient reassesses periodically and maintains records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID–19 response. Recipients need not routinely track staff hours.

• *Expenses to Improve the Design and Execution of Health and Public Health Programs.* State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to engage in planning and analysis in order to improve programs addressing the COVID–19 pandemic, including through use of targeted consumer outreach, improvements to data or technology infrastructure, impact evaluations, and data analysis.

Eligible Uses to Address Disparities in Public Health Outcomes. In addition, in recognition of the disproportionate impacts of the COVID–19 pandemic on health outcomes in low-income and Native American communities and the importance of mitigating these effects, the interim final rule identifies a broader range of services and programs that will be presumed to be responding to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services, outlined below, are eligible uses when provided in a Qualified Census Tract (QCT),[47] to families living in QCTs, or when these services are provided by Tribal governments.[48] Recipients may also provide these services to other populations, households, or geographic areas that are disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served.

Given the exacerbation of health disparities during the pandemic and the role of pre-existing social vulnerabilities in driving these disparate outcomes, services to address health disparities are presumed to be responsive to the public health impacts of the pandemic. Specifically, recipients may use payments from the Fiscal Recovery Funds to facilitate access to resources that improve health outcomes, including services that connect residents with health care resources and public assistance programs and build healthier environments, such as:

• Funding community health workers to help community members access health services and services to address the social determinants of health;[49]

• Funding public benefits navigators to assist community members with navigating and applying for available Federal, State, and local public benefits or services;

• Housing services to support healthy living environments and neighborhoods conducive to mental and physical wellness;

• Remediation of lead paint or other lead hazards to reduce risk of elevated blood lead levels among children; and

• Evidence-based community violence intervention programs to prevent violence and mitigate the increase in violence during the pandemic.[50]

2. Responding to Negative Economic Impacts

Impacts on Households and Individuals. The public health emergency, including the necessary measures taken to protect public health, resulted in significant economic and financial hardship for many Americans. As businesses closed, consumers stayed home, schools shifted to remote

[46] In general, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds. For purposes of the Fiscal Recovery Funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (Federal and state), workers compensation insurance, and Federal Insurance Contributions Act (FICA) taxes (which includes Social Security and Medicare taxes).

[47] Qualified Census Tracts are a common, readily-accessible, and geographically granular method of identifying communities with a large proportion of low-income residents. Using an existing measure may speed implementation and decrease administrative burden, while identifying areas of need at a highly-localized level.

While QCTs are an effective tool generally, many tribal communities have households with a wide range of income levels due in part to non-tribal member, high income residents living in the community. Mixed income communities, with a significant share of tribal members at the lowest levels of income, are often not included as eligible QCTs yet tribal residents are experiencing disproportionate impacts due to the pandemic. Therefore, including all services provided by Tribal governments is a more effective means of ensuring that disproportionately impacted Tribal members can receive services.

[48] U.S. Department of Housing and Urban Development (HUD), Qualified Census Tracts and Difficult Development Areas, *https://www.huduser.gov/portal/datasets/qct.html* (last visited Apr. 26, 2021); U.S. Department of the Interior, Bureau of Indian Affairs, Indian Lands of Federally Recognized Tribes of the United States (June 2016), *https://www.bia.gov/sites/bia.gov/files/assets/bia/ots/webteam/pdf/idc1-028635.pdf* (last visited Apr. 26, 2021).

[49] The social determinants of health are the social and environmental conditions that affect health outcomes, specifically economic stability, health care access, social context, neighborhoods and built environment, and education access. *See, e.g.,* U.S. Department of Health and Human Services, Office of Disease Prevention and Health Promotion, Healthy People 2030: Social Determinants of Health, *https://health.gov/healthypeople/objectives-and-data/social-determinants-health* (last visited Apr. 26, 2021).

[50] National Commission on COVID–19 and Criminal Justice, Impact Report: COVID–19 and Crime (Jan. 31, 2021), *https://covid19.councilonj.org/2021/01/31/impact-report-covid-19-and-crime-3/* (showing a spike in homicide and assaults); Brad Boesrup et al., Alarming Trends in US domestic violence during the COVID–19 pandemic, Am. J. of Emerg. Med. 38(12): 2753–55 (Dec. 1, 2020), *available at https://www.ajemjournal.com/article/S0735-6757(20)30307-7/fulltext* (showing a spike in domestic violence).

education, and travel declined precipitously, over 20 million jobs were lost in March and April 2020.[51] Although many have returned to work, as of April 2021, the economy remains 8.2 million jobs below its pre-pandemic peak,[52] and more than 3 million workers have dropped out of the labor market altogether relative to February 2020.[53]

Rates of unemployment are particularly severe among workers of color and workers with lower levels of educational attainment; for example, the overall unemployment rate in the United States was 6.1 percent in April 2021, but certain groups saw much higher rates: 9.7 percent for Black workers, 7.9 percent for Hispanic or Latino workers, and 9.3 percent for workers without a high school diploma.[54] Job losses have also been particularly steep among low wage workers, with these workers remaining furthest from recovery as of the end of 2020.[55] A severe recession—and its concentrated impact among low-income workers—has amplified food and housing insecurity, with an estimated nearly 17 million adults living in households where there is sometimes or often not enough food to eat and an estimated 10.7 million adults living in households that were not current on rent.[56] Over the course of the pandemic, inequities also manifested along gender lines, as schools closed to in-person activities, leaving many working families without child care during the day.[57] Women of color have been hit especially hard: The labor force participation rate for Black women has fallen by 3.2 percentage points[58] during the pandemic as compared to 1.0 percentage points for Black men[59] and 2.0 percentage points for White women.[60]

As the economy recovers, the effects of the pandemic-related recession may continue to impact households, including a risk of longer-term effects on earnings and economic potential. For example, unemployed workers, especially those who have experienced longer periods of unemployment, earn lower wages over the long term once rehired.[61] In addition to the labor market consequences for unemployed workers, recessions can also cause longer-term economic challenges through, among other factors, damaged consumer credit scores[62] and reduced familial and childhood wellbeing.[63] These potential long-term economic consequences underscore the continued need for robust policy support.

Impacts on Businesses. The pandemic has also severely impacted many businesses, with small businesses hit especially hard. Small businesses make up nearly half of U.S. private-sector employment[64] and play a key role in supporting the overall economic recovery as they are responsible for two-thirds of net new jobs.[65] Since the beginning of the pandemic, however, 400,000 small businesses have closed, with many more at risk.[66] Sectors with a large share of small business employment have been among those with the most drastic drops in employment.[67] The negative outlook for small businesses has continued: As of April 2021, approximately 70 percent of small businesses reported that the pandemic has had a moderate or large negative effect on their business, and over a third expect that it will take over 6 months for their business to return to their normal level of operations.[68]

This negative outlook is likely the result of many small businesses having faced periods of closure and having seen declining revenues as customers stayed home.[69] In general, small businesses can face greater hurdles in accessing credit,[70] and many small businesses were already financially fragile at the outset of the pandemic.[71] Non-profits, which provide vital services to communities, have similarly faced

[51] U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm (PAYEMS), retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/PAYEMS* (last visited May 8, 2021).

[52] *Id.*

[53] U.S. Bureau of Labor Statistics, Civilian Labor Force Level [CLF16OV], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CLF16OV* (last visited May 8, 2021).

[54] U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian population by sex and age (May 8 2021), *https://www.bls.gov/news.release/empsit.t01.htm* (last visited May 8, 2021); U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian noninstitutional population by race, Hispanic or Latino ethnicity, sex, and age (May 8, 2021), *https://www.bls.gov/web/empsit/cpseea04.htm* (last visited May 8, 2021); U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey: Employment status of the civilian noninstitutional population 25 years and over by educational attainment (May 8, 2021), *https://www.bls.gov/web/empsit/cpseea05.htm* (last visited May 8, 2021).

[55] Elise Gould & Jori Kandra, Wages grew in 2020 because the bottom fell out of the low-wage labor market, Economic Policy Institute (Feb. 24, 2021), *https://files.epi.org/pdf/219418.pdf. See also,* Michael Dalton et al., The K-Shaped Recovery: Examining the Diverging Fortunes of Workers in the Recovery from the COVID–19 Pandemic using Business and Household Survey Microdata, U.S. Bureau of Labor Statistics Working Paper Series (Feb. 2021), *https://www.bls.gov/osmr/research-papers/2021/pdf/ec210020.pdf.*

[56] Center on Budget and Policy Priorities, Tracking the COVID–19 Recession's Effects on Food, Housing, and Employment Hardships, *https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and* (last visited May 8, 2021).

[57] Women have carried a larger share of childcare responsibilities than men during the COVID–19 crisis. *See, e.g.,* Gema Zamarro & María J. Prados, Gender differences in couples' division of childcare, work and mental health during COVID–19, Rev. Econ. Household 19:11–40 (2021), *available at https://link.springer.com/article/10.1007/s11150-020-09534-7;* Titan Alon et al., The Impact of COVID–19 on Gender Equality, National Bureau of Economic Research Working Paper 26947 (April 2020), *available at https://www.nber.org/papers/w26947.*

[58] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, Black or African American Women [LNS11300032], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300032* (last visited May 8, 2021).

[59] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, Black or African American Men [LNS11300031], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300031* (last visited May 8, 2021).

[60] U.S. Bureau of Labor Statistics, Labor Force Participation Rate—20 Yrs. & Over, White Women [LNS11300029], retrieved from FRED, Federal Reserve Bank of St. Louis; *https://fred.stlouisfed.org/series/LNS11300029* (last visited May 8, 2021).

[61] *See, e.g.,* Michael Greenstone & Adam Looney, Unemployment and Earnings Losses: A Look at Long-Term Impacts of the Great Recession on American Workers, Brookings Institution (Nov. 4, 2021), *https://www.brookings.edu/blog/jobs/2011/11/04/unemployment-and-earnings-losses-a-look-at-long-term-impacts-of-the-great-recession-on-american-workers/.*

[62] Chi Chi Wu, Solving the Credit Conundrum: Helping Consumers' Credit Records Impaired by the Foreclosure Crisis and Great Recession (Dec. 2013), *https://www.nclc.org/images/pdf/credit_reports/report-credit-conundrum-2013.pdf.*

[63] Irwin Garfinkel, Sara McLanahan, Christopher Wimer, eds., Children of the Great Recession, Russell Sage Foundation (Aug. 2016), *available at https://www.russellsage.org/publications/children-great-recession.*

[64] Board of Governors of the Federal Reserve System, *supra* note 5.

[65] U.S. Small Business Administration, Office of Advocacy, Small Businesses Generate 44 Percent of U.S. Economic Activity (Jan. 30, 2019), *https://advocacy.sba.gov/2019/01/30/small-businesses-generate-44-percent-of-u-s-economic-activity/.*

[66] Biden, *supra* note 6.

[67] Daniel Wilmoth, U.S. Small Business Administration Office of Advocacy, The Effects of the COVID–19 Pandemic on Small Businesses, Issue Brief No. 16 (Mar. 2021), *available at https://cdn.advocacy.sba.gov/wp-content/uploads/2021/03/02112318/COVID-19-Impact-On-Small-Business.pdf.*

[68] U.S. Census Bureau, Small Business Pulse Survey, *https://portal.census.gov/pulse/data/* (last visited May 8, 2021).

[69] Olivia S. Kim et al., Revenue Collapses and the Consumption of Small Business Owners in the Early Stages of the COVID–19 Pandemic (Nov. 2020), *https://www.nber.org/papers/w28151.*

[70] *See e.g.,* Board of Governors of the Federal Reserve System, Report to Congress on the Availability of Credit to Small Businesses (Sept. 2017), *available at https://www.federalreserve.gov/publications/2017-september-availability-of-credit-to-small-businesses.htm.*

[71] Alexander W. Bartik et al., The Impact of COVID–19 on small business outcomes and expectations, PNAS 117(30): 17656–66 (July 28, 2020), *available at https://www.pnas.org/content/117/30/17656.*

economic and financial challenges due to the pandemic.[72]

Impacts to State, Local, and Tribal Governments. State, local, and Tribal governments have felt substantial fiscal pressures. As noted above, State, local, and Tribal governments have faced significant revenue shortfalls and remain over 1 million jobs below their pre-pandemic staffing levels.[73] These reductions in staffing may undermine the ability to deliver services effectively, as well as add to the number of unemployed individuals in their jurisdictions.

Exacerbation of Pre-existing Disparities. The COVID–19 public health emergency may have lasting negative effects on economic outcomes, particularly in exacerbating disparities that existed prior to the pandemic.

The negative economic impacts of the COVID–19 pandemic are particularly pronounced in certain communities and families. Low- and moderate-income jobs make up a substantial portion of both total pandemic job losses,[74] and jobs that require in-person frontline work, which are exposed to greater risk of contracting COVID–19.[75] Both factors compound pre-existing vulnerabilities and the likelihood of food, housing, or other financial insecurity in low- and moderate-income families and, given the concentration of low- and moderate-income families within certain communities,[76] raise a substantial risk that the effects of the COVID–19 public health emergency will be amplified within these communities.

These compounding effect of recessions on concentrated poverty and the long-lasting nature of this effect were observed after the 2007–2009 recession, including a large increase in concentrated poverty with the number of people living in extremely poor neighborhoods more than doubling by 2010–2014 relative to 2000.[77] Concentrated poverty has a range of deleterious impacts, including additional burdens on families and reduced economic potential and social cohesion.[78] Given the disproportionate impact of COVID–19 on low-income households discussed above, there is a risk that the current pandemic-induced recession could further increase concentrated poverty and cause long-term damage to economic prospects in neighborhoods of concentrated poverty.

The negative economic impacts of COVID–19 also include significant impacts to children in disproportionately affected families and include impacts to education, health, and welfare, all of which contribute to long-term economic outcomes.[79] Many low-income and minority students, who were disproportionately served by remote or hybrid education during the pandemic, lacked the resources to participate fully in remote schooling or live in households without adults available throughout the day to assist with online coursework.[80] Given these trends, the pandemic may widen educational disparities and worsen outcomes for low-income students,[81] an effect that would substantially impact their long-term economic outcomes. Increased economic strain or material hardship due to the pandemic could also have a long-term impact on health, educational, and economic outcomes of young children.[82] Evidence suggests that adverse conditions in early childhood, including exposure to poverty, food insecurity, housing insecurity, or other economic hardships, are particularly impactful.[83]

The pandemic's disproportionate economic impacts are also seen in Tribal communities across the country—for Tribal governments as well as families and businesses on and off Tribal lands. In the early months of the pandemic, Native American unemployment spiked to 26 percent and, while partially recovered, remains at nearly 11 percent.[84] Tribal enterprises are a significant source of revenue for Tribal governments to support the provision of government services. These enterprises, notably concentrated in gaming, tourism, and hospitality, frequently closed, significantly reducing both revenues to Tribal governments and employment. As a result, Tribal governments have reduced essential services to their citizens and communities.[85]

Eligible Uses. Sections 602(c)(1)(A) and 603(c)(1)(A) permit use of payments from the Fiscal Recovery Funds to respond to the negative economic impacts of the COVID–19 public health emergency. Eligible uses that respond to the negative economic impacts of the public health emergency must be designed to address an economic harm resulting from or exacerbated by the public health emergency. In considering whether a program or service would be

[72] Federal Reserve Bank of San Francisco, Impacts of COVID–19 on Nonprofits in the Western United States (May 2020), *https://www.frbsf.org/community-development/files/impact-of-covid-nonprofits-serving-western-united-states.pdf.*

[73] Bureau of Labor Statistics, *supra* note 8; Elijah Moreno & Heather Sobrepena, Tribal entities remain resilient as COVID–19 batters their finances, Federal Reserve Bank of Minneapolis (Nov. 10, 2021), *https://www.minneapolisfed.org/article/2020/tribal-entities-remain-resilient-as-covid-19-batters-their-finances.*

[74] Kim Parker et al., Economic Fallout from COVID–19 Continues to Hit Lower-Income Americans the Hardest, Pew Research Center (Sept. 24, 2020), *https://www.pewresearch.org/social-trends/2020/09/24/economic-fallout-from-covid-19-continues-to-hit-lower-income-americans-the-hardest/;* Gould, *supra* note 55.

[75] *See infra* Section II.B of this Supplementary Information.

[76] Elizabeth Kneebone, The Changing geography of US poverty, Brookings Institution (Feb. 15, 2017), *https://www.brookings.edu/testimonies/the-changing-geography-of-us-poverty/.*

[77] Elizabeth Kneebone & Natalie Holmes, U.S. concentrated poverty in the wake of the Great Recession, Brookings Institution (Mar. 31, 2016), *https://www.brookings.edu/research/u-s-concentrated-poverty-in-the-wake-of-the-great-recession/.*

[78] David Erickson et al., The Enduring Challenge of Concentrated Poverty in America: Case Studies from Communities Across the U.S. (2008), *available at https://www.frbsf.org/community-development/files/cp_fullreport.pdf.*

[79] Educational quality, as early as Kindergarten, has a long-term impact on children's public health and economic outcomes. *See, e.g.,* Tyler W. Watts et al., The Chicago School Readiness Project: Examining the long-term impacts of an early childhood intervention, PLoS ONE 13(7) (2018), *available at https://journals.plos.org/plosone/article?id=10.1371/journal.pone.0200144;* Opportunity Insights, How Can We Amplify Education as an Engine of Mobility? Using big data to help children get the most from school, *https://opportunityinsights.org/education/* (last visited Apr. 26, 2021); U.S. Department of Health and Human Services (HHS), Office of Disease Prevention and Health Promotion, Early Childhood Development and Education, *https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/early-childhood-development-and-education* (last visited Apr. 26, 2021).

[80] *See, e.g.,* Bacher-Hicks, *supra* note 14.

[81] A Department of Education survey found that, as of February 2021, 42 percent of fourth grade students nationwide were offered only remote education, compared to 48 percent of economically disadvantaged students, 54 percent of Black students and 57 percent of Hispanic students. Large districts often disproportionately serve low-income students. *See* Institute of Education Sciences, Monthly School Survey Dashboard, *https://ies.ed.gov/schoolsurvey/* (last visited Apr. 26, 2021). In summer 2020, a review found that 74 percent of the largest 100 districts chose remote learning only. *See* Education Week, School Districts' Reopening Plans: A Snapshot (Jul. 15, 2020), *https://www.edweek.org/leadership/school-districts-reopening-plans-a-snapshot/2020/07* (last visited May 4, 2021).

[82] HHS, *supra* note 79.

[83] Hirokazu Yoshikawa, Effects of the Global Coronavirus Disease—2019 Pandemic on Early Childhood Development: Short- and Long-Term Risks and Mitigating Program and Policy Actions, J. of Pediatrics Vol. 223:188–93 (Aug. 1, 2020), *available at https://www.jpeds.com/article/S0022-3476(20)30606-5/abstract.*

[84] Based on calculations conducted by the Minneapolis Fed's Center for Indian Country Development using Flood et al. (2020)'s Current Population Survey." Sarah Flood, Miriam King, Renae Rodgers, Steven Ruggles and J. Robert Warren. Integrated Public Use Microdata Series, Current Population Survey: Version 8.0 [dataset]. Minneapolis, MN: IPUMS, 2020. *https://doi.org/10.18128/D030.V8.0; see also* Donna Feir & Charles Golding, Native Employment During COVID–19: Hard hit in April but Starting to Rebound? (Aug. 5, 2020), *https://www.minneapolisfed.org/article/2020/native-employment-during-covid-19-hit-hard-in-april-but-starting-to-rebound.*

[85] Moreno & Sobrepena, *supra* note 73.

eligible under this category, the recipient should assess whether, and the extent to which, there has been an economic harm, such as loss of earnings or revenue, that resulted from the COVID–19 public health emergency and whether, and the extent to which, the use would respond or address this harm.[86] A recipient should first consider whether an economic harm exists and whether this harm was caused or made worse by the COVID–19 public health emergency. While economic impacts may either be immediate or delayed, 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.

In addition, the eligible use must "respond to" the identified negative economic impact. Responses must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Where there has been a negative economic impact resulting from the public health emergency, States, local, and Tribal governments have broad latitude to choose whether and how to use the Fiscal Recovery Funds to respond to and address the negative economic impact. Sections 602(c)(1)(A) and 603(c)(1)(A) describe several types of uses that would be eligible under this category, including assistance to households, small businesses, and nonprofits and aid to impacted industries such as tourism, travel, and hospitality.

To facilitate implementation and use of payments from the Fiscal Recovery Funds, the interim final rule identifies a non-exclusive list of eligible uses of funding that respond to the negative economic impacts of the public health emergency. Consistent with the discussion above, the eligible uses listed below would respond directly to the economic or financial harms resulting from and or exacerbated by the public health emergency.

- *Assistance to Unemployed Workers.* This includes assistance to unemployed workers, including services like job training to accelerate rehiring of unemployed workers; these services may extend to workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain so due to the negative economic impacts of the pandemic.
- *State Unemployment Insurance Trust Funds.* Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund established under section 904 of the Social Security Act (42 U.S.C. 1104) up to the level needed to restore the pre-pandemic balances of such account as of January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and May 17, 2021, given the close nexus between Unemployment Trust Fund costs, solvency of Unemployment Trust Fund systems, and pandemic economic impacts. Further, Unemployment Trust Fund deposits can decrease fiscal strain on Unemployment Insurance systems impacted by the pandemic. States facing a sharp increase in Unemployment Insurance claims during the pandemic may have drawn down positive Unemployment Trust Fund balances and, after exhausting the balance, required advances to fund continuing obligations to claimants. Because both of these impacts were driven directly by the need for assistance to unemployed workers during the pandemic, replenishing Unemployment Trust Funds up to the pre-pandemic level responds to the pandemic's negative economic impacts on unemployed workers.
- *Assistance to Households.* Assistance to households or populations facing negative economic impacts due to COVID–19 is also an eligible use. This includes: Food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance (discussed below); 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. As discussed above, in considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. 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. For example, a cash transfer program may focus on unemployed workers or low- and moderate-income families, which have faced disproportionate economic harms due to the pandemic. 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 the appropriate size of permissible cash transfers made in response to the COVID–19 public health emergency, State, local and Tribal governments may consider and take guidance from the per person amounts previously provided by the Federal Government in response to the COVID–19 crisis. Cash transfers that are grossly in excess of such amounts would be outside the scope of eligible uses under sections 602(c)(1)(A) and 603(c)(1)(A) and could be subject to recoupment. In addition, a recipient could provide survivor's benefits to surviving family members of COVID–19 victims, or cash assistance to widows, widowers, and dependents of eligible COVID–19 victims.
- *Expenses to Improve Efficacy of Economic Relief Programs.* State, local, and Tribal governments may use payments from the Fiscal Recovery Funds to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations.
- *Small Businesses and Non-profits.* As discussed above, small businesses and non-profits faced significant challenges in covering payroll, mortgages or rent, and other operating costs as a result of the public health emergency and measures taken to contain the spread of the virus. State, local, and Tribal governments may provide assistance to small businesses to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID–19 public health emergency, including:
  - 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

[86] In some cases, a use may be permissible under another eligible use category even if it falls outside the scope of section (c)(1)(A) of the Act.

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.

As discussed above, these services should respond to the negative economic impacts of COVID–19. Recipients may consider additional criteria to target assistance to businesses in need, including small businesses. Such criteria may include businesses facing financial insecurity, substantial declines in gross receipts (*e.g.*, comparable to measures used to assess eligibility for the Paycheck Protection Program), or 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. Recipients should consider local economic conditions and business data when establishing such criteria.[87]

• *Rehiring State, Local, and Tribal Government Staff.* State, local, and Tribal governments continue to see pandemic impacts in overall staffing levels: State, local, and Tribal government employment remains more than 1 million jobs lower in April 2021 than prior to the pandemic.[88] Employment losses decrease a state or local government's ability to effectively administer services. Thus, the interim final rule includes as an eligible use payroll, covered benefits, and other costs associated with rehiring public sector staff, up to the pre-pandemic staffing level of the government.

• *Aid to Impacted Industries.* Sections 602(c)(1)(A) and 603(c)(1)(A) recognize that certain industries, such as tourism, travel, and hospitality, were disproportionately and negatively impacted by the COVID–19 public health emergency. Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic on those and similarly impacted industries. For example, aid may include assistance to implement COVID–19 mitigation and infection prevention measures to enable safe resumption of tourism, travel, and hospitality services, for example, improvements to ventilation, physical barriers or partitions, signage to facilitate social distancing, provision of masks or personal protective equipment, or consultation with infection prevention professionals to develop safe reopening plans.

Aid may be considered responsive to the negative economic impacts of the pandemic if it supports businesses, attractions, business districts, and Tribal development districts operating prior to the pandemic and affected by required closures and other efforts to contain the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel, and hospitality industries and to business districts that were closed during the COVID–19 public health emergency, as well as aid for a planned expansion or upgrade of tourism, travel, and hospitality facilities delayed due to the pandemic.

When considering providing aid to industries other than tourism, travel, and hospitality, recipients should consider the extent of the economic impact as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, on net, the leisure and hospitality industry has experienced an approximately 24 percent decline in revenue and approximately 17 percent decline in employment nationwide due to the COVID–19 public health emergency.[89] 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.

To facilitate transparency and accountability, the interim final rule requires that State, local, and Tribal governments publicly report assistance provided to private-sector businesses under this eligible use, including tourism, travel, hospitality, and other impacted industries, and its connection to negative economic impacts of the pandemic. Recipients also 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.

As discussed above, economic disparities that existed prior to the COVID–19 public health emergency amplified the impact of the pandemic among low-income and minority groups. These families were more likely to face housing, food, and financial insecurity; are over-represented among low-wage workers; and many have seen their livelihoods deteriorate further during the pandemic and economic contraction. In recognition of the disproportionate negative economic impacts on certain communities and populations, the interim final rule identifies services and programs that will be presumed to be responding to the negative economic impacts of the COVID–19 public health emergency when provided in these communities.

Specifically, Treasury will presume that certain types of services, outlined below, are eligible uses when provided in a QCT, to families and individuals living in QCTs, or when these services are provided by Tribal governments.[90] Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately impacted communities, recipients should be able to support their determination that the pandemic resulted in disproportionate public health or economic outcomes to the specific populations, households, or geographic areas to be served. The interim final rule identifies a non-exclusive list of uses that address the disproportionate negative economic effects of the COVID–19 public health emergency, including:

○ *Building Stronger Communities through Investments in Housing and Neighborhoods.* The economic impacts of COVID–19 have likely been most acute in lower-income neighborhoods, including concentrated areas of high unemployment, limited economic opportunity, and housing insecurity.[91]

[87] *See* Federal Reserve Bank of Cleveland, An Uphill Battle: COVID–19's Outsized Toll on Minority-Owned Firms (Oct. 8, 2020), *https://www.clevelandfed.org/newsroom-and-events/publications/community-development-briefs/db-20201008-misera-report.aspx* (discussing the impact of COVID–19 on minority owned businesses).

[88] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited May 8, 2021).

[89] From February 2020 to April 2021, employment in "Leisure and hospitality" has fallen by approximately 17 percent. *See* U.S. Bureau of Labor Statistics, All Employees, Leisure and Hospitality, retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/USLAH* (last visited May 8, 2021). From 2019Q4 to 2020Q4, gross output (*e.g.* revenue) in arts, entertainment, recreation, accommodation, and food services has fallen by approximately 24 percent. *See* Bureau of Economic Analysis, News Release: Gross Domestic Product (Third Estimate), Corporate Profits, and GDP by Industry, Fourth Quarter and Year 2020 (Mar. 25, 2021), Table 17, *https://www.bea.gov/sites/default/files/2021-03/gdp4q20_3rd.pdf.*

[90] HUD, *supra* note 48.

[91] Stuart M. Butler & Jonathan Grabinsky, Tackling the legacy of persistent urban inequality and concentrated poverty, Brookings Institution (Nov. 16, 2020), *https://www.brookings.edu/blog/up-front/2020/11/16/tackling-the-legacy-of-*

Continued

Services in this category alleviate the immediate economic impacts of the COVID–19 pandemic on housing insecurity, while addressing conditions that contributed to poor public health and economic outcomes during the pandemic, namely concentrated areas with limited economic opportunity and inadequate or poor-quality housing.[92] Eligible services include:

- Services to address homelessness such as supportive housing, and to improve access to stable, affordable housing among unhoused individuals;
- Affordable housing development to increase supply of affordable and high-quality living units; and
- Housing vouchers, residential counseling, or housing navigation assistance to facilitate household moves to neighborhoods with high levels of economic opportunity and mobility for low-income residents, to help residents increase their economic opportunity and reduce concentrated areas of low economic opportunity.[93]

○ *Addressing Educational Disparities.* As outlined above, school closures and the transition to remote education raised particular challenges for lower-income students, potentially exacerbating educational disparities, while increases in economic hardship among families could have long-lasting impacts on children's educational and economic prospects. Services under this prong would enhance educational supports to help mitigate impacts of the pandemic. Eligible services include:

- New, expanded, or enhanced early learning services, including pre-kindergarten, Head Start, or partnerships between pre-kindergarten programs and local education authorities, or administration of those services;
- Providing assistance to high-poverty school districts to advance equitable funding across districts and geographies;
- Evidence-based educational services and practices to address the academic needs of students, including tutoring, summer, afterschool, and other extended learning and enrichment programs; and
- Evidence-based practices to address the social, emotional, and mental health needs of students;

○ *Promoting Healthy Childhood Environments.* Children's economic and family circumstances have a long-term impact on their future economic outcomes.[94] Increases in economic hardship, material insecurity, and parental stress and behavioral health challenges all raise the risk of long-term harms to today's children due to the pandemic. Eligible services to address this challenge include:

- New or expanded high-quality childcare to provide safe and supportive care for children;
- Home visiting programs to provide structured visits from health, parent educators, and social service professionals to pregnant women or families with young children to offer education and assistance navigating resources for economic support, health needs, or child development; and
- Enhanced services for child welfare-involved families and foster youth to provide support and training on child development, positive parenting, coping skills, or recovery for mental health and substance use challenges.

State, local, and Tribal governments are encouraged to use payments from the Fiscal Recovery Funds to respond to the direct and immediate needs of the pandemic and its negative economic impacts and, in particular, the needs of households and businesses that were disproportionately and negatively impacted by the public health emergency. As highlighted above, low-income communities and workers and people of color have faced more severe health and economic outcomes during the pandemic, with pre-existing social vulnerabilities like low-wage or insecure employment, concentrated neighborhoods with less economic opportunity, and pre-existing health disparities likely contributing to the magnified impact of the pandemic. The Fiscal Recovery Funds provide resources to not only respond to the immediate harms of the pandemic but also to mitigate its longer-term impact in compounding the systemic public health and economic challenges of disproportionately impacted populations. Treasury encourages recipients to consider funding uses that foster a strong, inclusive, and equitable recovery, especially uses with long-term benefits for health and economic outcomes.

Uses Outside the Scope of this Category. Certain uses would not be within the scope of this eligible use category, although may be eligible under other eligible use categories. A general infrastructure project, for example, typically would not be included unless the project responded to a specific pandemic public health need (*e.g.*, investments in facilities for the delivery of vaccines) or a specific negative economic impact like those described above (*e.g.*, affordable housing in a QCT). The ARPA explicitly includes infrastructure if it is "necessary" and in water, sewer, or broadband. *See* Section II.D of this **SUPPLEMENTARY INFORMATION.** State, local, and Tribal governments also may use the Fiscal Recovery Funds under sections 602(c)(1)(C) or 603(c)(1)(C) to provide "government services" broadly to the extent of their reduction in revenue. *See* Section II.C of this **SUPPLEMENTARY INFORMATION.**

This category of eligible uses also would not include contributions to rainy day funds, financial reserves, or similar funds. Resources made available under this eligible use category are intended to help meet pandemic response needs and provide relief for households and businesses facing near- and long-term negative economic impacts. Contributions to rainy day funds and similar financial reserves would not address these needs or respond to the COVID–19 public health emergency but would rather constitute savings for future spending needs. Similarly, this eligible use category would not include payment of interest or principal on outstanding debt instruments, including, for example, short-term revenue or tax anticipation notes, or other debt service costs. As discussed below, payments from the Fiscal Recovery Funds are intended to be used prospectively and the interim final rule precludes use of these funds to cover the costs of debt incurred prior to March 3, 2021. Fees or issuance costs associated with the issuance of new debt would also not be covered using payments from the Fiscal Recovery Funds because such costs would not themselves have been incurred to address the needs of pandemic response or its negative economic impacts. The purpose of the Fiscal Recovery Funds is to provide fiscal relief that will permit State, local, and Tribal governments to continue to respond to the COVID–19 public health emergency.

For the same reasons, this category of eligible uses would not include satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring

persistent-urban-inequality-and-concentrated-poverty/.

[92] U.S. Department of Health and Human Services (HHS), Office of Disease Prevention and Health Promotion, Quality of Housing, *https://www.healthypeople.gov/2020/topics-objectives/topic/social-determinants-health/interventions-resources/quality-of-housing#11* (last visited Apr. 26, 2021).

[93] The Opportunity Atlas, *https://www.opportunityatlas.org/* (last visited Apr. 26, 2021); Raj Chetty & Nathaniel Hendren, The Impacts of Neighborhoods on Intergenerational Mobility I: Childhood Exposure Effects, Quarterly J. of Econ. 133(3):1107–162 (2018), *available at https://opportunityinsights.org/paper/neighborhoodsi/.*

[94] *See* supra notes 52 and 84.

plan in a judicial, administrative, or regulatory proceeding, except to the extent the judgment or settlement requires the provision of services that would respond to the COVID–19 public health emergency. That is, satisfaction of a settlement or judgment would not itself respond to COVID–19 with respect to the public health emergency or its negative economic impacts, unless the settlement requires the provision of services or aid that did directly respond to these needs, as described above.

In addition, as described in Section V.III of this **SUPPLEMENTARY INFORMATION**, Treasury will establish reporting and record keeping requirements for uses within this category, including enhanced reporting requirements for certain types of uses.

Question 1: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the public health impacts of COVID–19? Describe how these respond to the COVID–19 public health emergency.

Question 2: The interim final rule permits coverage of payroll and benefits costs of public health and safety staff primarily dedicated to COVID–19 response, as well as rehiring of public sector staff up to pre-pandemic levels. For how long should these measures remain in place? What other measures or presumptions might Treasury consider to assess the extent to which public sector staff are engaged in COVID–19 response, and therefore reimbursable, in an easily-administrable manner?

Question 3: The interim final rule permits rehiring of public sector staff up to the government's pre-pandemic staffing level, which is measured based on employment as of January 27, 2020. Does this approach adequately measure the pre-pandemic staffing level in a manner that is both accurate and easily administrable? Why or why not?

Question 4: The interim final rule permits deposits to Unemployment Insurance Trust Funds, or using funds to pay back advances, up to the pre-pandemic balance. What, if any, conditions should be considered to ensure that funds repair economic impacts of the pandemic and strengthen unemployment insurance systems?

Question 5: Are there other types of services or costs that Treasury should consider as eligible uses to respond to the negative economic impacts of COVID–19? Describe how these respond to the COVID–19 public health emergency.

Question 6: What other measures, presumptions, or considerations could be used to assess "impacted industries" affected by the COVID–19 public health emergency?

Question 7: What are the advantages and disadvantages of using Qualified Census Tracts and services provided by Tribal governments to delineate where a broader range of eligible uses are presumed to be responsive to the public health and economic impacts of COVID–19? What other measures might Treasury consider? Are there other populations or geographic areas that were disproportionately impacted by the pandemic that should be explicitly included?

Question 8: Are there other services or costs that Treasury should consider as eligible uses to respond to the disproportionate impacts of COVID–19 on low-income populations and communities? Describe how these respond to the COVID–19 public health emergency or its negative economic impacts, including its exacerbation of pre-existing challenges in these areas.

Question 9: The interim final rule includes eligible uses to support affordable housing and stronger neighborhoods in disproportionately-impacted communities. Discuss the advantages and disadvantages of explicitly including other uses to support affordable housing and stronger neighborhoods, including rehabilitation of blighted properties or demolition of abandoned or vacant properties. In what ways does, or does not, this potential use address public health or economic impacts of the pandemic? What considerations, if any, could support use of Fiscal Recovery Funds in ways that do not result in resident displacement or loss of affordable housing units?

B. Premium Pay

Fiscal Recovery Funds payments may be used by recipients to provide premium pay to eligible workers performing essential work during the COVID–19 public health emergency or to provide grants to third-party employers with eligible workers performing essential work.[95] These are workers who have been and continue to be relied on to maintain continuity of operations of essential critical infrastructure sectors, including those who are critical to protecting the health and wellbeing of their communities.

Since the start of the COVID–19 public health emergency in January 2020, essential workers have put their physical wellbeing at risk to meet the daily needs of their communities and to provide care for others. In the course of this work, many essential workers have contracted or died of COVID–19.[96] Several examples reflect the severity of the health impacts for essential workers. Meat processing plants became "hotspots" for transmission, with 700 new cases reported at a single plant on a single day in May 2020.[97] In New York City, 120 employees of the Metropolitan Transit Authority were estimated to have died due to COVID–19 by mid-May 2020, with nearly 4,000 testing positive for the virus.[98] Furthermore, many essential workers are people of color or low-wage workers.[99] These workers, in particular, have borne a disproportionate share of the health and economic impacts of the pandemic. 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.

During the public health emergency, employers' policies on COVID–19-related hazard pay have varied widely, with many essential workers not yet compensated for the heightened risks they have faced and continue to face.[100]

[95] Sections 602(c)(1)(B), 603(c)(1)(B) of the Act.

[96] *See, e.g.*, Centers for Disease Control and Prevention, COVID Data Tracker: Cases & Death among Healthcare Personnel, *https://covid.cdc.gov/covid-data-tracker/#health-care-personnel* (last visited May 4, 2021); Centers for Disease Control and Prevention, COVID Data Tracker: Confirmed COVID–19 Cases and Deaths among Staff and Rate per 1,000 Resident-Weeks in Nursing Homes, by Week—United States, *https://covid.cdc.gov/covid-data-tracker/#nursing-home-staff* (last visited May 4, 2021).

[97] *See, e.g.*, The Lancet, The plight of essential workers during the COVID–19 pandemic, Vol. 395, Issue 10237:1587 (May 23, 2020), *available at https://www.thelancet.com/journals/lancet/article/PIIS0140-6736%2820%2931200-9/fulltext.*

[98] *Id.*

[99] Joanna Gaitens et al., Covid–19 and essential workers: A narrative review of health outcomes and moral injury, Int'l J. of Envtl. Research and Pub. Health 18(4):1446 (Feb. 4, 2021), *available at https://pubmed.ncbi.nlm.nih.gov/33557075/;* Tiana N. Rogers et al., Racial Disparities in COVID–19 Mortality Among Essential Workers in the United States, World Med. & Health policy 12(3):311–27 (Aug. 5, 2020), *available at https://onlinelibrary.wiley.com/doi/full/10.1002/wmh3.358* (finding that vulnerability to coronavirus exposure was increased among non-Hispanic blacks, who disproportionately occupied the top nine essential occupations).

[100] Economic Policy Institute, Only 30% of those working outside their home are receiving hazard pay (June 16, 2020), *https://www.epi.org/press/only-30-of-those-working-outside-their-home-are-receiving-hazard-pay-black-and-hispanic-workers-are-most-concerned-about-bringing-the-coronavirus-home/.*

Many of these workers earn lower wages on average and live in socioeconomically vulnerable communities as compared to the general population.[101] A recent study found that 25 percent of essential workers were estimated to have low household income, with 13 percent in high-risk households.[102] The low pay of many essential workers makes them less able to cope with the financial consequences of the pandemic or their work-related health risks, including working hours lost due to sickness or disruptions to childcare and other daily routines, or the likelihood of COVID–19 spread in their households or communities. Thus, the threats and costs involved with maintaining the ongoing operation of vital facilities and services have been, and continue to be, borne by those that are often the most vulnerable to the pandemic. The added health risk to essential workers is one prominent way in which the pandemic has amplified pre-existing socioeconomic inequities.

The Fiscal Recovery Funds will help respond to the needs of essential workers by allowing recipients to remunerate essential workers for the elevated health risks they have faced and continue to face during the public health emergency. To ensure that premium pay is targeted to workers that faced or face heightened risks due to the character of their work, the interim final rule defines essential work as work involving regular in-person interactions or regular physical handling of items that were also handled by others. A worker would not be engaged in essential work and, accordingly may not receive premium pay, for telework performed from a residence.

Sections 602(g)(2) and 603(g)(2) define eligible worker to mean "those workers needed to maintain continuity of operations of essential critical infrastructure sectors and additional sectors as each Governor of a State or territory, or each Tribal government, may designate as critical to protect the health and well-being of the residents of their State, territory, or Tribal government." [103] The rule incorporates this definition and provides a list of industries recognized as essential critical infrastructure sectors.[104] These sectors include healthcare, public health and safety, childcare, education, sanitation, transportation, and food production and services, among others as noted above. As provided under sections 602(g)(2) and 603(g)(2), the chief executive of each recipient has discretion to add additional sectors to this list, so long as additional sectors are deemed critical to protect the health and well-being of residents.

In providing premium pay to essential workers or grants to eligible employers, a recipient must consider whether the pay or grant would "respond to" to the worker or workers performing essential work. Premium pay or grants provided under this section respond to workers performing essential work if it addresses the heightened risk to workers who must be physically present at a jobsite and, for many of whom, the costs associated with illness were hardest to bear financially. Many of the workers performing critical essential services are low- or moderate-income workers, such as those described above. The ARPA recognizes this by defining premium pay to mean an amount up to $13 per hour in addition to wages or remuneration the worker otherwise receives and in an aggregate amount not to exceed $25,000 per eligible worker. To ensure the provision is implemented in a manner that compensates these workers, the interim final rule provides that any premium pay or grants provided using the Fiscal Recovery Funds should prioritize compensation of those lower income eligible workers that perform essential work.

As such, providing premium pay to eligible workers responds to such workers by helping address the disparity between the critical services and risks taken by essential workers and the relatively low compensation they tend to receive in exchange. If premium pay would increase a worker's total pay above 150 percent of their residing state's average annual wage for all occupations, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, or their residing county's average annual wage, as defined by the Bureau of Labor Statistics' Occupational Employment and Wage Statistics, whichever is higher, on an annual basis, the State, local, or Tribal government must provide Treasury and make publicly available, whether for themselves or on behalf of a grantee, a written justification of how the premium pay or grant is responsive to workers performing essential worker during the public health emergency.[105]

The threshold of 150 percent for requiring additional written justification is based on an analysis of the distribution of labor income for a sample of 20 occupations that generally correspond to the essential workers as defined in the interim final rule.[106] For these occupations, labor income for the vast majority of workers was under 150 percent of average annual labor income across all occupations. Treasury anticipates that the threshold of 150 percent of the annual average wage will be greater than the annual average wage of the vast majority of eligible workers performing essential work. These enhanced reporting requirements help to ensure grants are directed to essential workers in critical infrastructure sectors and responsive to the impacts of the pandemic observed among essential workers, namely the mis-alignment between health risks and compensation. Enhanced reporting also provides transparency to the public. Finally, using a localized measure reflects differences in wages and cost of living across the country, making this standard administrable and reflective of essential worker incomes across a diverse range of geographic areas.

Furthermore, because premium pay is intended to compensate essential workers for heightened risk due to COVID–19, it must be entirely additive to a worker's regular rate of wages and other remuneration and may not be used to reduce or substitute for a worker's normal earnings. The definition of premium pay also clarifies that premium pay may be provided retrospectively for work performed at any time since the start of the COVID–19 public health emergency, where those workers have yet to be compensated adequately for work previously performed.[107] Treasury encourages recipients to prioritize providing retrospective premium pay where possible, recognizing that many essential workers have not yet received additional compensation for work conducted over the course of many

[101] McCormack, *supra* note 37.

[102] *Id.*

[103] Sections 602(g)(2), 603(g)(2) of the Act.

[104] The list of critical infrastructure sectors provided in the interim final rule is based on the list of essential workers under The Heroes Act, H.R. 6800, 116th Cong. (2020).

[105] County median annual wage is taken to be that of the metropolitan or nonmetropolitan area that includes the county. *See* U.S. Bureau of Labor Statistics, State Occupational Employment and Wage Estimates, *https://www.bls.gov/oes/current/oessrcst.htm* (last visited May 1, 2021); U.S. Bureau of Labor Statistics, May 2020 Metropolitan and Nonmetropolitan Area Estimates listed by county or town, *https://www.bls.gov/oes/current/county_links.htm* (last visited May 1, 2021).

[106] Treasury performed this analysis with data from the U.S. Census Bureau's 2019 Annual Social and Economic Supplement. In determining which occupations to include in this analysis, Treasury excluded management and supervisory positions, as such positions may not necessarily involve regular in-person interactions or physical handling of items to the same extent as non-managerial positions.

[107] However, such compensation must be "in addition to" remuneration or wages already received. That is, employers may not reduce such workers' current pay and use Fiscal Recovery Funds to compensate themselves for premium pay previously provided to the worker.

months. Essential workers who have already earned premium pay for essential work performed during the COVID–19 public health emergency remain eligible for additional payments, and an essential worker may receive both retrospective premium pay for prior work as well as prospective premium pay for current or ongoing work.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided. *See* Section VIII of this **SUPPLEMENTARY INFORMATION**, discussing reporting requirements. In responding to the needs of essential workers, a grant to an employer may provide premium pay to eligible workers performing essential work, as these terms are defined in the interim final rule and discussed above. A grant provided to an employer may also be for essential work performed by eligible workers pursuant to a contract. For example, if a municipality contracts with a third party to perform sanitation work, the third-party contractor could be eligible to receive a grant to provide premium pay for these eligible workers.

Question 10: Are there additional sectors beyond those listed in the interim final rule that should be considered essential critical infrastructure sectors?

Question 11: What, if any, additional criteria should Treasury consider to ensure that premium pay responds to essential workers?

Question 12: What consideration, if any, should be given to the criteria on salary threshold, including measure and level, for requiring written justification?

C. Revenue Loss

Recipients may use payments from the Fiscal Recovery Funds for the provision of government services to the extent of the reduction in revenue experienced due to the COVID–19 public health emergency.[108] Pursuant to sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, a recipient's reduction in revenue is measured relative to the revenue collected in the most recent full fiscal year prior to the emergency.

Many State, local, and Tribal governments are experiencing significant budget shortfalls, which can have a devastating impact on communities. State government tax revenue from major sources were down 4.3 percent in the six months ended September 2020, relative to the same period 2019.[109] At the local level, nearly 90 percent of cities have reported being less able to meet the fiscal needs of their communities and, on average, cities expect a double-digit decline in general fund revenues in their fiscal year 2021.[110] Similarly, surveys of Tribal governments and Tribal enterprises found majorities of respondents reporting substantial cost increases and revenue decreases, with Tribal governments reporting reductions in healthcare, housing, social services, and economic development activities as a result of reduced revenues.[111] These budget shortfalls are particularly problematic in the current environment, as State, local, and Tribal governments work to mitigate and contain the COVID–19 pandemic and help citizens weather the economic downturn.

Further, State, local, and Tribal government budgets affect the broader economic recovery. During the period following the 2007–2009 recession, State and local government budget pressures led to fiscal austerity that was a significant drag on the overall economic recovery.[112] Inflation-adjusted State and local government revenue did not return to the previous peak until 2013,[113] while State, local, and Tribal government employment did not recover to its prior peak for over a decade, until August 2019—just a few months before the COVID–19 public health emergency began.[114]

Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act allow recipients facing budget shortfalls to use payments from the Fiscal Recovery Funds to avoid cuts to government services and, thus, enable State, local, and Tribal governments to continue to provide valuable services and ensure that fiscal austerity measures do not hamper the broader economic recovery. The interim final rule implements these provisions by establishing a definition of "general revenue" for purposes of calculating a loss in revenue and by providing a methodology for calculating revenue lost due to the COVID–19 public health emergency.

General Revenue. The interim final rule adopts a definition of "general revenue" based largely on the components reported under "General Revenue from Own Sources" in the Census Bureau's Annual Survey of State and Local Government Finances, and for purposes of this interim final rule, helps to ensure that the components of general revenue would be calculated in a consistent manner.[115] By relying on a methodology that is both familiar and comprehensive, this approach minimizes burden to recipients and provides consistency in the measurement of general revenue across a diverse set of recipients.

The interim final rule defines the term "general revenue" to include revenues collected by a recipient and generated from its underlying economy and would capture a range of different types of tax revenues, as well as other types of revenue that are available to support government services.[116] In calculating revenue, recipients should sum across all revenue streams covered as general revenue. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the overall impact of

[108] ARPA, *supra* note 16.

[109] Major sources include personal income tax, corporate income tax, sales tax, and property tax. *See* Lucy Dadayan., States Reported Revenue Growth in July–September Quarter, Reflecting Revenue Shifts from the Prior Quarter, State Tax and Econ. Rev. (Q. 3, 2020), *available at https://www.urban.org/sites/default/files/publication/103938/state-tax-and-economic-review-2020-q3_0.pdf.*

[110] National League of Cities, City Fiscal Conditions (2020), *available at https://www.nlc.org/wp-content/uploads/2020/08/City_Fiscal_Conditions_2020_FINAL.pdf.*

[111] Surveys conducted by the Center for Indian Country Development at the Federal Reserve Bank of Minneapolis in March, April, and September 2020. *See* Moreno & Sobrepena, *supra* note 73.

[112] *See, e.g.*, Fitzpatrick, Haughwout & Setren, Fiscal Drag from the State and Local Sector?, Liberty Street Economics Blog, Federal Reserve Bank of New York (June 27, 2012), *https://www.libertystreeteconomics.newyorkfed.org/2012/06/fiscal-drag-from-the-state-and-local-sector.html*; Jiri Jonas, Great Recession and Fiscal Squeeze at U.S. Subnational Government Level, IMF Working Paper 12/184, (July 2012), *available at https://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf*; Gordon, *supra* note 9.

[113] State and local government general revenue from own sources, adjusted for inflation using the GDP price index. U.S. Census Bureau, Annual Survey of State Government Finances and U.S. Bureau of Economic Analysis, National Income and Product Accounts.

[114] U.S. Bureau of Labor Statistics, All Employees, State Government [CES9092000001] and All Employees, Local Government [CES9093000001], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/CES9092000001* and *https://fred.stlouisfed.org/series/CES9093000001* (last visited Apr. 27, 2021).

[115] U.S. Census Bureau, Annual Survey of State and Local Government Finances, *https://www.census.gov/programs-surveys/gov-finances.html* (last visited Apr. 30, 2021).

[116] The interim final rule would define tax revenue in a manner consistent with the Census Bureau's definition of tax revenue, with certain changes (*i.e.*, inclusion of revenue from liquor stores and certain intergovernmental transfers). Current charges are defined as "charges imposed for providing current services or for the sale of products in connection with general government activities." It includes revenues such as public education institution, public hospital, and toll revenues. Miscellaneous general revenue comprises of all other general revenue of governments from their own sources (*i.e.*, other than liquor store, utility, and insurance trust revenue), including rents, royalties, lottery proceeds, and fines.

the COVID–19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.[117]

Consistent with the Census Bureau's definition of "general revenue from own sources," the definition of general revenue in the interim final rule would exclude refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, and agency or private trust transactions. The definition of general revenue also would exclude revenue generated by utilities and insurance trusts. In this way, the definition of general revenue focuses on sources that are generated from economic activity and are available to fund government services, rather than a fund or administrative unit established to account for and control a particular activity.[118] For example, public utilities typically require financial support from the State, local, or Tribal government, rather than providing revenue to such government, and any revenue that is generated by public utilities typically is used to support the public utility's continued operation, rather than being used as a source of revenue to support government services generally.

The definition of general revenue would include all revenue from Tribal enterprises, as this revenue is generated from economic activity and is available to fund government services. Tribes are not able to generate revenue through taxes in the same manner as State and local governments and, as a result, Tribal enterprises are critical sources of revenue for Tribal governments that enable Tribal governments to provide a range of services, including elder care, health clinics, wastewater management, and forestry.

Finally, the term "general revenue" includes intergovernmental transfers between State and local governments, but excludes intergovernmental transfers from the Federal Government, including Federal transfers made via a State to a local government pursuant to the CRF or as part of the Fiscal Recovery Funds. States and local governments often share or collect revenue on behalf of one another, which results in intergovernmental transfers. When attributing revenue to a unit of government, the Census Bureau's methodology considers which unit of government imposes, collects, and retains the revenue and assigns the revenue to the unit of government that meets at least two of those three factors.[119] For purposes of measuring loss in general revenue due to the COVID–19 public health emergency and to better allow continued provision of government services, the retention and ability to use the revenue is a more critical factor. Accordingly, and to better measure the funds available for the provision of government services, the definition of general revenue would include intergovernmental transfers from States or local governments other than funds transferred pursuant to ARPA, CRF, or another Federal program. This formulation recognizes the importance of State transfers for local government revenue.[120]

Calculation of Loss. In general, recipients will compute the extent of the reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have been expected to occur in the absence of the pandemic. This approach measures losses in revenue relative to the most recent fiscal year prior to the COVID–19 public health emergency by using the most recent pre-pandemic fiscal year as the starting point for estimates of revenue growth absent the pandemic. In other words, the counterfactual trend starts with the last full fiscal year prior to the COVID–19 public health emergency and then assumes growth at a constant rate in the subsequent years. Because recipients can estimate the revenue shortfall at multiple points in time throughout the covered period as revenue is collected, this approach accounts for variation across recipients in the timing of pandemic impacts.[121] Although revenue may decline for reasons unrelated to the COVID–19 public health emergency, to minimize the administrative burden on recipients and taking into consideration the devastating effects of the COVID–19 public health emergency, any diminution in actual revenues relative to the counterfactual pre-pandemic trend would be presumed to have been due to the COVID–19 public health emergency.

For purposes of measuring revenue growth in the counterfactual trend, recipients may use a *growth adjustment* of either 4.1 percent per year or the recipient's average annual revenue growth over the three full fiscal years prior to the COVID–19 public health emergency, whichever is higher. The option of 4.1 percent represents the average annual growth across all State and local government "General Revenue from Own Sources" in the most recent three years of available data.[122] This approach provides recipients with a standardized growth adjustment when calculating the counterfactual revenue trend and thus minimizes administrative burden, while not disadvantaging recipients with revenue growth that exceeded the national average prior to the COVID–19 public health emergency by permitting these recipients to use their own revenue growth rate over the preceding three years.

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. To calculate the extent of the reduction in revenue at each of these dates, recipients should follow a four-step process:

- *Step 1:* Identify revenues collected in the most recent full fiscal year prior to the public health emergency (*i.e.,* last full fiscal year before January 27, 2020), called the *base year revenue.*
- *Step 2:* Estimate *counterfactual revenue,* which is equal to *base year revenue* * [(1 + *growth adjustment*) ^ (*n*/12)], where *n* is the number of months elapsed since the end of the base year to the calculation date, and *growth adjustment* is the greater of 4.1 percent and the recipient's average annual revenue growth in the three full fiscal

[117] Fund-oriented reporting, such as what is used under the Governmental Accounting Standards Board (GASB), focuses on the types of uses and activities funded by the revenue, as opposed to the economic activity from which the revenue is sourced. *See* Governmental Accounting Standards Series, Statement No. 54 of the Governmental Accounting Standards Board: Fund Balance Reporting and Governmental Fund Type Definitions, No. 287–B (Feb. 2009).

[118] *Supra* note 116.

[119] U.S. Census Bureau, Government Finance and Employment Classification Manual (Dec. 2000), *https://www2.census.gov/govs/class/classfull.pdf.*

[120] For example, in 2018, state transfers to localities accounted for approximately 27 percent of local revenues. U.S. Census Bureau, Annual Survey of State and Local Government Finances, Table 1 (2018), *https://www.census.gov/data/datasets/2018/econ/local/public-use-datasets.html.*

[121] For example, following the 2007–09 recession, local government property tax collections did not begin to decline until 2011, suggesting that property tax collection declines can lag downturns. *See* U.S. Bureau of Economic Analysis, Personal current taxes: State and local: Property taxes [S210401A027NBEA], retrieved from Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/graph/?g=r3YI* (last visited Apr. 22, 2021). Estimating the reduction in revenue at points throughout the covered period will allow for this type of lagged effect to be taken into account during the covered period.

[122] Together with revenue from liquor stores from 2015 to 2018. This estimate does not include any intergovernmental transfers. A recipient using the three-year average to calculate their growth adjustment must be based on the definition of general revenue, including treatment of intergovernmental transfers. 2015–2018 represents the most recent available data. *See* U.S. Census Bureau, State & Local Government Finance Historical Datasets and Tables (2018), *https://www.census.gov/programs-surveys/gov-finances/data/datasets.html.*

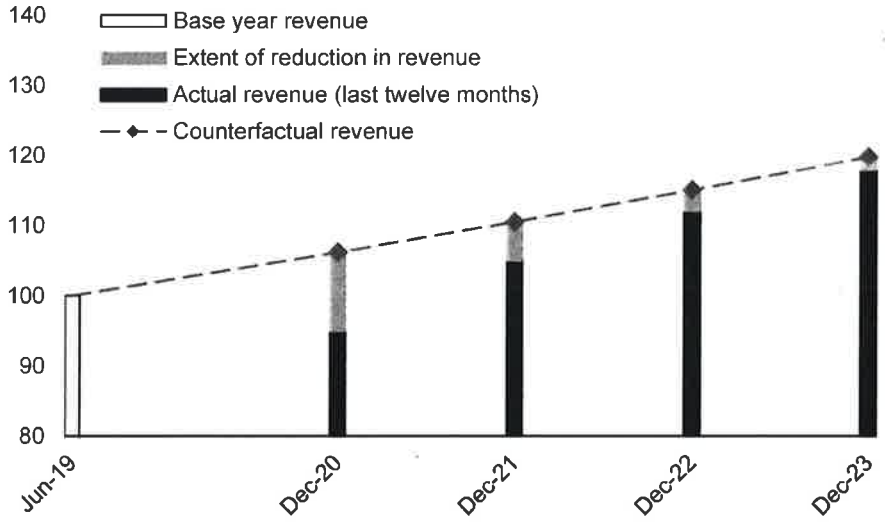
years prior to the COVID–19 public health emergency.

- *Step 3:* Identify *actual revenue,* which equals revenues collected over the past twelve months as of the calculation date.
- *Step 4:* The extent of the reduction in revenue is equal to *counterfactual revenue* less *actual revenue.* If actual revenue exceeds counterfactual revenue, the extent of the reduction in revenue is set to zero for that calculation date.

For illustration, consider a hypothetical recipient with *base year revenue* equal to 100. In Step 2, the hypothetical recipient finds that 4.1 percent is greater than the recipient's average annual revenue growth in the three full fiscal years prior to the public health emergency. Furthermore, this recipient's base year ends June 30. In this illustration, *n* (months elapsed) and *counterfactual revenue* would be equal to:

As of:	12/31/2020	12/31/2021	12/31/2022	12/31/2023
n (months elapsed)	18	30	42	54
Counterfactual revenue:	106.2	110.6	115.1	119.8

The overall methodology for calculating the reduction in revenue is illustrated in the figure below:



Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

Sections 602(c)(1)(C) and 603(c)(1)(C) of the Act provide recipients with broad latitude to use the Fiscal Recovery Funds for the provision of government services. Government services can include, but are not limited to, maintenance or pay-go funded building [123] of infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services. However, expenses associated with obligations under instruments evidencing financial indebtedness for borrowed money would not be considered the provision of government services, as these financing expenses do not directly provide services or aid to citizens. Specifically, government services would not include interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or fees or issuance costs associated with the issuance of new debt. For the same reasons, government services would not include satisfaction of any obligation arising under or pursuant to a settlement agreement, judgment, consent decree, or judicially confirmed debt restructuring in a judicial, administrative, or regulatory proceeding, except if the judgment or settlement required the provision of government services. That is, satisfaction of a settlement or judgment itself is not a government service, unless the settlement required the provision of government services. In addition, replenishing financial reserves (*e.g.,* rainy day or other reserve funds) would not be considered provision of a government service, since such expenses do not directly relate to the provision of government services.

Question 13: Are there sources of revenue that either should or should not be included in the interim final rule's measure of "general revenue" for recipients? If so, discuss why these sources either should or should not be included.

Question 14: In the interim final rule, recipients are expected to calculate the reduction in revenue on an aggregate basis. Discuss the advantages and disadvantages of, and any potential concerns with, this approach, including circumstances in which it could be necessary or appropriate to calculate the reduction in revenue by source.

Question 15: Treasury is considering whether to take into account other factors, including actions taken by the recipient as well as the expiration of the COVID–19 public health emergency, in determining whether to presume that revenue losses are "due to" the COVID–

[123] Pay-go infrastructure funding refers to the practice of funding capital projects with cash-on-hand from taxes, fees, grants, and other sources, rather than with borrowed sums.

19 public health emergency. Discuss the advantages and disadvantages of this presumption, including when, if ever, during the covered period it would be appropriate to reevaluate the presumption that all losses are attributable to the COVID–19 public health emergency.

Question 16: Do recipients anticipate lagged revenue effects of the public health emergency? If so, when would these lagged effects be expected to occur, and what can Treasury to do support these recipients through its implementation of the program?

Question 17: In the interim final rule, paying interest or principal on government debt is not considered provision of a government service. Discuss the advantages and disadvantages of this approach, including circumstances in which paying interest or principal on government debt could be considered provision of a government service.

D. Investments in Infrastructure

To assist in meeting the critical need for investments and improvements to existing infrastructure in water, sewer, and broadband, the Fiscal Recovery Funds provide funds to State, local, and Tribal governments to make necessary investments in these sectors. The interim final rule outlines eligible uses within each category, allowing for a broad range of necessary investments in projects that improve access to clean drinking water, improve wastewater and stormwater infrastructure systems, and provide access to high-quality broadband service. Necessary investments are designed to provide an adequate minimum level of service and are unlikely to be made using private sources of funds. Necessary investments include projects that are required to maintain a level of service that, at least, meets applicable health-based standards, taking into account resilience to climate change, or establishes or improves broadband service to unserved or underserved populations to reach an adequate level to permit a household to work or attend school, and that are unlikely to be met with private sources of funds.[124]

It is important that necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Treasury 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, not only to promote effective and efficient delivery of high-quality infrastructure projects but also to support the economic recovery through strong employment opportunities for workers. Using these practices in construction projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.

To provide public transparency on whether projects are using practices that promote on-time and on-budget delivery, Treasury will seek information from recipients on their workforce plans and practices related to water, sewer, and broadband projects undertaken with Fiscal Recovery Funds. Treasury will provide additional guidance and instructions on the reporting requirements at a later date.

1. Water and Sewer Infrastructure

The ARPA provides funds to State, local, and Tribal governments to make necessary investments in water and sewer infrastructure.[125] By permitting funds to be used for water and sewer infrastructure needs, Congress recognized the critical role that clean drinking water and services for the collection and treatment of wastewater and stormwater play in protecting public health. Understanding that State, local, and Tribal governments have a broad range of water and sewer infrastructure needs, the interim final rule provides these governments with wide latitude to identify investments in water and sewer infrastructure that are of the highest priority for their own communities, which may include projects on privately-owned infrastructure. The interim final rule does this by aligning eligible uses of the Fiscal Recovery 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 (EPA) Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).[126]

Established by the 1987 amendments[127] to the Clean Water Act (CWA),[128] the CWSRF provides financial assistance for a wide range of water infrastructure projects to improve water quality and address water pollution in a way that enables each State to address and prioritize the needs of their populations. The types of projects eligible for CWSRF assistance include projects to construct, improve, and repair wastewater treatment plants, control non-point sources of pollution, improve resilience of infrastructure to severe weather events, create green infrastructure, and protect waterbodies from pollution.[129] Each of the 51 State programs established under the CWSRF have the flexibility to direct funding to their particular environmental needs, and each State may also have its own statutes, rules, and regulations that guide project eligibility.[130]

The DWSRF was modeled on the CWSRF and created as part of the 1996 amendments to the Safe Drinking Water Act (SDWA),[131] with the principal objective of helping public water systems obtain financing for improvements necessary to protect public health and comply with drinking water regulations.[132] Like the CWSRF,

[124] Treasury notes that using funds to support or oppose collective bargaining would not be included as part of "necessary investments in water, sewer, or broadband infrastructure."

[125] Sections 602(c)(1)(D), 603(c)(1)(D) of the Act.

[126] Environmental Protection Agency, Drinking Water State Revolving fund, *https://www.epa.gov/dwsrf* (last visited Apr. 30, 2021); Environmental Protection Agency, Clean Water State Revolving Fund, *https://www.epa.gov/cwsrf* (last visited Apr. 30, 2021).

[127] Water Quality Act of 1987, Public Law 100–4.

[128] Federal Water Pollution Control Act as amended, codified at 33 U.S.C. 1251 *et seq.*, common name (Clean Water Act). In 2009, the American Recovery and Reinvestment Act created the Green Project Reserve, which increased the focus on green infrastructure, water and energy efficient, and environmentally innovative projects. Public Law 111–5. The CWA was amended by the Water Resources Reform and Development Act of 2014 to further expand the CWSRF's eligibilities. Public Law 113–121. *The CWSRF's eligibilities were further expanded in 2018 by the America's Water Infrastructure Act of 2018, Public Law 115–270.*

[129] *See* Environmental Protection Agency, The Drinking Water State Revolving Funds: Financing America's Drinking Water, EPA–816–R–00–023 (Nov. 2000), *https://nepis.epa.gov/Exe/ZyPDF.cgi/200024WB.PDF?Dockey=200024WB.PDF; See also* Environmental Protection Agency, *Learn About the Clean Water State Revolving Fund, https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf (last visited Apr. 30, 2021).*

[130] 33 U.S.C. 1383(c). *See also Environmental Protection Agency, Overview of Clean Water State Revolving Fund Eligibilities (May 2016), https://www.epa.gov/sites/production/files/2016-07/documents/overview_of_cwsrf_eligibilities_may_2016.pdf; Claudia Copeland, Clean Water Act: A Summary of the Law, Congressional Research Service (Oct. 18, 2016), https://fas.org/sgp/crs/misc/RL30030.pdf; Jonathan L Ramseur, Wastewater Infrastructure: Overview, Funding, and Legislative Developments, Congressional Research Service (May 22, 2018), https://fas.org/sgp/crs/misc/R44963.pdf.*

[131] 42 U.S.C. 300j–12.

[132] Environmental Protection Agency, Drinking Water State Revolving Fund Eligibility Handbook, (June 2017), *https://www.epa.gov/sites/production/files/2017-06/documents/dwsrf_eligibility_handbook_june_13_2017_updated_508_version.pdf;* Environmental Protection Agency, Drinking Water

the DWSRF provides States with the flexibility to meet the needs of their populations.[133] The primary use of DWSRF funds is to assist communities in making water infrastructure capital improvements, including the installation and replacement of failing treatment and distribution systems.[134] In administering these programs, States must give priority to projects that ensure compliance with applicable health and environmental safety requirements; address the most serious risks to human health; and assist systems most in need on a per household basis according to State affordability criteria.[135]

By aligning use of Fiscal Recovery Funds with the categories or types of eligible projects under the existing EPA state revolving fund programs, the interim final rule provides recipients with the flexibility to respond to the needs of their communities while ensuring that investments in water and sewer infrastructure made using Fiscal Recovery Funds are necessary. As discussed above, the CWSRF and DWSRF were designed to provide funding for projects that protect public health and safety by ensuring compliance with wastewater and drinking water health standards.[136] The need to provide funding through the state revolving funds suggests that these projects are less likely to be addressed with private sources of funding; for example, by remediating failing or inadequate infrastructure, much of which is publicly owned, and by addressing non-point sources of pollution. This approach of aligning with the EPA state revolving fund programs also supports expedited project identification and investment so that needed relief for the people and communities most affected by the pandemic can deployed expeditiously and have a positive impact on their health and wellbeing as soon as possible. Further, the interim final rule is intended to preserve flexibility for award recipients to direct funding to their own particular needs and priorities and would not preclude recipients from applying their own additional project eligibility criteria.

In addition, responding to the immediate needs of the COVID–19 public health emergency may have diverted both personnel and financial resources from other State, local, and Tribal priorities, including projects to ensure compliance with applicable water health and quality standards and provide safe drinking and usable water.[137] Through sections 602(c)(1)(D) and 603(c)(1)(D), the ARPA provides resources to address these needs. Moreover, using Fiscal Recovery Funds in accordance with the priorities of the CWA and SWDA to "assist systems most in need on a per household basis according to state affordability criteria" would also have the benefit of providing vulnerable populations with safe drinking water that is critical to their health and, thus, their ability to work and learn.[138]

Recipients may use Fiscal Recovery Funds to invest in a broad range of projects that improve drinking water infrastructure, such as building or upgrading facilities and transmission, distribution, and storage systems, including replacement of lead service lines. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury encourages recipients to consider projects to replace lead service lines.

Fiscal Recovery Funds may also be used to support the consolidation or establishment of drinking water systems. With respect to wastewater infrastructure, recipients may use Fiscal Recovery Funds to construct publicly owned treatment infrastructure, manage and treat stormwater or subsurface drainage water, facilitate water reuse, and secure publicly owned treatment works, among other uses. Finally, consistent with the CWSRF and DWSRF, Fiscal Recovery Funds may be used for cybersecurity needs to protect water or sewer infrastructure, such as developing effective cybersecurity practices and measures at drinking water systems and publicly owned treatment works.

Many of the types of projects eligible under either the CWSRF or DWSRF also support efforts to address climate change. For example, by taking steps to manage potential sources of pollution and preventing these sources from reaching sources of drinking water, projects eligible under the DWSRF and the ARPA may reduce energy required to treat drinking water. Similarly, projects eligible under the CWSRF include measures to conserve and reuse water or reduce the energy consumption of public water treatment facilities. Treasury encourages recipients to consider green infrastructure investments and projects to improve resilience to the effects of climate change. For example, more frequent and extreme precipitation events combined with construction and development trends have led to increased instances of stormwater runoff, water pollution, and flooding. Green infrastructure projects that support stormwater system resiliency could include rain gardens that provide water storage and filtration benefits, and green streets, where vegetation, soil, and engineered systems are combined to direct and filter rainwater from impervious surfaces. In cases of a natural disaster, recipients may also use Fiscal Recovery Funds to provide relief, such as interconnecting water systems or rehabilitating existing wells during an extended drought.

Question 18: What are the advantages and disadvantages of aligning eligible uses with the eligible project type requirements of the DWSRF and CWSRF? What other water or sewer project categories, if any, should Treasury consider in addition to DWSRF and CWSRF eligible projects? Should Treasury consider a broader general category of water and sewer projects?

Question 19: What additional water and sewer infrastructure categories, if any, should Treasury consider to address and respond to the needs of unserved, undeserved, or rural communities? How do these projects differ from DWSFR and CWSRF eligible projects?

Question 20: What new categories of water and sewer infrastructure, if any, should Treasury consider to support State, local, and Tribal governments in mitigating the negative impacts of climate change? Discuss emerging technologies and processes that support resiliency of water and sewer infrastructure. Discuss any challenges faced by States and local governments when pursuing or implementing climate resilient infrastructure projects.

Question 21: Infrastructure projects related to dams and reservoirs are generally not eligible under the CWSRF and DWSRF categories. Should Treasury consider expanding eligible

---

Infrastructure Needs Survey and Assessment: Sixth Report to Congress (March 2018), *https://www.epa.gov/sites/production/files/2018-10/documents/corrected_sixth_drinking_water_infrastructure_needs_survey_and_assessment.pdf.*

[133] *Id.*

[134] *Id.*

[135] 42 U.S.C. 300j–12(b)(3)(A).

[136] Environmental Protection Agency, Learn About the Clean Water State Revolving Fund, *https://www.epa.gov/cwsrf/learn-about-clean-water-state-revolving-fund-cwsrf* (last visited Apr. 30, 2021); 42 U.S.C. 300j–12.

[137] House Committee on the Budget, State and Local Governments are in Dire Need of Federal Relief (Aug. 19, 2020), *https://budget.house.gov/publications/report/state-and-local-governments-are-dire-need-federal-relief.*

[138] Environmental Protection Agency, Drinking Water State Revolving Fund (Nov. 2019), *https://www.epa.gov/sites/production/files/2019-11/documents/fact_sheet_-_dwsrf_overview_final_0.pdf;* Environmental Protection Agency, National Benefits Analysis for Drinking Water Regulations, *https://www.epa.gov/sdwa/national-benefits-analysis-drinking-water-regulations* (last visited Apr. 30, 2020).

infrastructure under the interim final rule to include dam and reservoir projects? Discuss public health, environmental, climate, or equity benefits and costs in expanding the eligibility to include these types of projects.

2. Broadband Infrastructure

The COVID–19 public health emergency has underscored the importance of universally available, high-speed, reliable, and affordable broadband coverage as millions of Americans rely on the internet to participate in, among critical activities, remote school, healthcare, and work. Recognizing the need for such connectivity, the ARPA provides funds to State, territorial, local, and Tribal governments to make necessary investments in broadband infrastructure.

The National Telecommunications and Information Administration (NTIA) highlighted the growing necessity of broadband in daily lives through its analysis of NTIA Internet Use Survey data, noting that Americans turn to broadband internet access service for every facet of daily life including work, study, and healthcare.[139] With increased use of technology for daily activities and the movement by many businesses and schools to operating remotely during the pandemic, broadband has become even more critical for people across the country to carry out their daily lives.

By at least one measure, however, tens of millions of Americans live in areas where there is no broadband infrastructure that provides download speeds greater than 25 Mbps and upload speeds of 3 Mbps.[140] By contrast, as noted below, many households use upload and download speeds of 100 Mbps to meet their daily needs. Even in areas where broadband infrastructure exists, broadband access may be out of reach for millions of Americans because it is unaffordable, as the United States has some of the highest broadband prices in the Organisation for Economic Co-operation and Development (OECD).[141] There are disparities in availability as well; historically, Americans living in territories and Tribal lands as well as rural areas have disproportionately lacked sufficient broadband infrastructure.[142] Moreover, rapidly growing demand has, and will likely continue to, quickly outpace infrastructure capacity, a phenomenon acknowledged by various states around the country that have set scalability requirements to account for this anticipated growth in demand.[143]

The interim final rule provides that eligible investments in broadband are those that are designed to provide services meeting adequate speeds and are provided to unserved and underserved households and businesses. Understanding that States, territories, localities, and Tribal governments have a wide range of varied broadband infrastructure needs, the interim final rule provides award recipients with flexibility to identify the specific locations within their communities to be served and to otherwise design the project.

Under the interim final rule, eligible projects are expected to be designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps. There may be instances in which it would not be practicable for a project to deliver such service speeds because of the geography, topography, or excessive costs associated with such a project. In these instances, the affected project would be expected to be designed to deliver, upon project completion, service that reliably meets or exceeds 100 Mbps download and between at least 20 Mbps and 100 Mbps upload speeds and be scalable to a minimum of 100 Mbps symmetrical for download and upload speeds.[144] In setting these standards, Treasury identified speeds necessary to ensure that broadband infrastructure is sufficient to enable users to generally meet household needs, including the ability to support the simultaneous use of work, education, and health applications, and also sufficiently robust to meet increasing household demands for bandwidth. Treasury also recognizes that different communities and their members may have a broad range of internet needs and that those needs may change over time.

In considering the appropriate speed requirements for eligible projects, Treasury considered estimates of typical households demands during the pandemic. Using the Federal Communication Commission's (FCC) Broadband Speed Guide, for example, a household with two telecommuters and two to three remote learners today are estimated to need 100 Mbps download to work simultaneously.[145] In households with more members, the demands may be greater, and in households with fewer members, the demands may be less.

In considering the appropriate speed requirements for eligible projects, Treasury also considered data usage patterns and how bandwidth needs have changed over time for U.S. households and businesses as people's use of technology in their daily lives has evolved. In the few years preceding the pandemic, market research data showed that average upload speeds in the United States surpassed over 10 Mbps in 2017 [146] and continued to increase significantly, with the average upload speed as of November, 2019 increasing to 48.41 Mbps,[147] attributable, in part to a shift to using broadband and the internet by individuals and businesses

[139] *See, e.g., https://www.ntia.gov/blog/2020/more-half-american-households-used-internet-health-related-activities-2019-ntia-data-show; https://www.ntia.gov/blog/2020/nearly-third-american-employees-worked-remotely-2019-ntia-data-show;* and generally, *https://www.ntia.gov/data/digital-nation-data-explorer.*

[140] As an example, data from the Federal Communications Commission shows that as of June 2020, 9.07 percent of the U.S. population had no available cable or fiber broadband providers providing greater than 25 Mbps download speeds and 3 Mbps upload speeds. Availability was significantly less for rural versus urban populations, with 35.57 percent of the rural population lacking such access, compared with 2.57 percent of the urban population. Availability was also significantly less for tribal versus non-tribal populations, with 35.93 percent of the tribal population lacking such access, compared with 8.74 of the non-tribal population. Federal Communications Commission, Fixed Broadband Deployment, *https://broadbandmap.fcc.gov/#/* (last visited May 9, 2021).

[141] How Do U.S. Internet Costs Compare To The Rest Of The World?, BroadbandSearch Blog Post, *available at https://www.broadbandsearch.net/blog/internet-costs-compared-worldwide.*

[142] *See, e.g.,* Federal Communications Commission, Fourteenth Broadband Deployment Report, *available at https://docs.fcc.gov/public/attachments/FCC-21-18A1.pdf.*

[143] *See, e.g.,* Illinois Department of Commerce & Economic Opportunity, Broadband Grants, h (last visited May 9, 2021), *https://www2.illinois.gov/dceo/ConnectIllinois/Pages/BroadbandGrants.aspx;* Kansas Office of Broadband Development, Broadband Acceleration Grant, *https://www.kansascommerce.gov/wp-content/uploads/2020/11/Broadband-Acceleration-Grant.pdf* (last visited May 9, 2021); New York State Association of Counties, Universal Broadband: Deploying High Speed Internet Access in NYS (Jul. 2017), *https://www.nysac.org/files/BroadbandUpdateReport2017(1).pdf.*

[144] This scalability threshold is consistent with scalability requirements used in other jurisdictions. *Id.*

[145] Federal Communications Commission, Broadband Speed Guide, *https://www.fcc.gov/consumers/guides/broadband-speed-guide* (last visited Apr. 30, 2021).

[146] Letter from Lisa R. Youngers, President and CEO of Fiber Broadband Association to FCC, WC Docket No. 19–126 (filed Jan. 3, 2020), including an Appendix with research from RVA LLC, *Data Review Of The Importance of Upload Speeds* (Jan. 2020), and Ookla speed test data, *available at https://ecfsapi.fcc.gov/file/101030085118517/FCC%20RDOF%20Jan%203%20Ex%20Parte.pdf.*Additional information on historic growth in data usage is provided in Schools, Health & Libraries Broadband Coalition, *Common Sense Solutions for Closing the Digital Divide,* Apr. 29, 2021.

[147] *Id. See also* United States's Mobile and Broadband internet Speeds—Speedtest Global Index, *available at https://www.speedtest.net/global-index/united-states#fixed.*

to create and share content using video sharing, video conferencing, and other applications.[148]

The increasing use of data accelerated markedly during the pandemic as households across the country became increasingly reliant on tools and applications that require greater internet capacity, both to download data but also to upload data. Sending information became as important as receiving it. A video consultation with a healthcare provider or participation by a child in a live classroom with a teacher and fellow students requires video to be sent and received simultaneously.[149] As an example, some video conferencing technology platforms indicate that download and upload speeds should be roughly equal to support two-way, interactive video meetings.[150] For both work and school, client materials or completed school assignments, which may be in the form of PDF files, videos, or graphic files, also need to be shared with others. This is often done by uploading materials to a collaboration site, and the upload speed available to a user can have a significant impact on the time it takes for the content to be shared with others. [151] These activities require significant capacity from home internet connections to both download and upload data, especially when there are multiple individuals in one household engaging in these activities simultaneously.

This need for increased broadband capacity during the pandemic was reflected in increased usage patterns seen over the last year. As OpenVault noted in recent advisories, the pandemic significantly increased the amount of data users consume. Among data users observed by OpenVault, per-subscriber average data usage for the fourth quarter of 2020 was 482.6 gigabytes per month, representing a 40 percent increase over the 344 gigabytes consumed in the fourth quarter of 2019 and a 26 percent increase over the third quarter 2020 average of 383.8 gigabytes.[152] OpenVault also noted significant increases in upstream usage among the data users it observed, with upstream data usage growing 63 percent—from 19 gigabytes to 31 gigabytes—between December, 2019 and December, 2020.[153] According to an OECD Broadband statistic from June 2020, the largest percentage of U.S. broadband subscribers have services providing speeds between 100 Mbps and 1 Gbps.[154]

Jurisdictions and Federal programs are increasingly responding to the growing demands of their communities for both heightened download and upload speeds. For example, Illinois now requires 100 Mbps symmetrical service as the construction standard for its state broadband grant programs. This standard is also consistent with speed levels, particularly download speed levels, prioritized by other Federal programs supporting broadband projects. Bids submitted as part of the FCC in its Rural Digital Opportunity Fund (RDOF), established to support the construction of broadband networks in rural communities across the country, are given priority if they offer faster service, with the service offerings of 100 Mbps download and 20 Mbps upload being included in the "above baseline" performance tier set by the FCC.[155] The Broadband Infrastructure Program (BBIP) [156] of the Department of Commerce, which provides Federal funding to deploy broadband infrastructure to eligible service areas of the country also prioritizes projects designed to provide broadband service with a download speed of not less than 100 Mbps and an upload speed of not less than 20 Mbps.[157]

The 100 Mbps upload and download speeds will support the increased and growing needs of households and businesses. Recognizing that, in some instances, 100 Mbps upload speed may be impracticable due to geographical, topographical, or financial constraints, the interim final rule permits upload speeds of between at least 20 Mbps and 100 Mbps in such instances. To provide for investments that will accommodate technologies requiring symmetry in download and upload speeds, as noted above, eligible projects that are not designed to deliver, upon project completion, service that reliably meets or exceeds symmetrical speeds of 100 Mbps because it would be impracticable to do so should be designed so that they can be scalable to such speeds. Recipients are also encouraged to prioritize investments in fiber optic infrastructure where feasible, as such advanced technology enables the next generation of application solutions for all communities.

Under the interim final rule, eligible projects are expected to focus on locations that are unserved or underserved. The interim final rule treats users as being unserved or underserved if they lack access to a wireline connection capable of reliably delivering at least minimum speeds of 25 Mbps download and 3 Mbps upload as households and businesses lacking this level of access are generally not viewed as being able to originate and receive high-quality voice, data, graphics, and video telecommunications. This threshold is consistent with the FCC's benchmark for an "advanced telecommunications capability." [158] This threshold is also consistent with thresholds used in other Federal programs to identify eligible areas to be served by programs to improve broadband services. For example, in the FCC's RDOF program, eligible areas include those without current (or already funded) access to terrestrial broadband service providing 25 Mbps download and 3 Mbps upload speeds.[159] The Department of Commerce's BBIP also considers households to be "unserved" generally if they lack access to broadband service

[148] *Id.*

[149] One high definition Zoom meeting or class requires approximately 3.8 Mbps/3.0 Mbps (up/down).

[150] *See, e.g.*, Zoom, System Requirements for Windows, macOS, and Linux, *https://support.zoom.us/hc/en-us/articles/201362023-System-requirements-for-Windows-macOS-and-Linux#h_d278c327-e03d-4896-b19a-96a8f3c0c69c* (last visited May 8, 2021).

[151] By one estimate, to upload a one gigabit video file to YouTube would take 15 minutes at an upload speed of 10 Mbps compared with 1 minute, 30 seconds at an upload speed of 100 Mbps, and 30 seconds at an upload speed of 300 Mbps. *Reviews.org:* What is Symmetrical internet? (March 2020).

[152] OVBI: Covid-19 Drove 15 percent Increase in Broadband Traffic in 2020, OpenVault, Quarterly Advisory, (Feb. 10, 2021), *available at https://openvault.com/ovbi-covid-19-drove-51-increase-in-broadband-traffic-in-2020; See* OpenVault's data set incorporates information on usage by subscribers across multiple continents, including North America and Europe. Additional data and detail on increases in the amount of data users consume and the broadband speeds they are using is provided in *OpenVault Broadband Insights Report Q4,* Quarterly Advisory (Feb. 10, 2021), *available at https://openvault.com/complimentary-report-4q20/.*

[153] OVBI Special Report: 202 Upstream Growth Nearly 4X of Pre-Pandemic Years, OpenVault, Quarterly Advisory, (April 1, 20201), *available at https://openvault.com/ovbi-special-report-2020-upstream-growth-rate-nearly-4x-of-pre-pandemic-years/;* Additional data is provided in *OpenVault Broadband Insights Pandemic Impact on Upstream Broadband Usage and Network Capacity, available at https://openvault.com/upstream-whitepaper/.*

[154] Organisation for Economic Co-operation and Development, Fixed broadband subscriptions per 100 inhabitants, per speed tiers (June 2020), *https://www.oecd.org/sti/broadband/5.1-FixedBB-SpeedTiers-2020-06.xls www.oecd.org/sti/broadband/broadband-statistics.*

[155] *Rural Digital Opportunity Fund,* Report and Order, 35 FCC Rcd 686, 690, para. 9 (2020), *available at https://www.fcc.gov/document/fcc-launches-20-billion-rural-digital-opportunity-fund-0.*

[156] The BIPP was authorized by the Consolidated Appropriations Act, 2021, Section 905, Public Law 116–260, 134 Stat. 1182 (Dec. 27, 2020).

[157] Section 905(d)(4) of the Consolidated Appropriations Act, 2021.

[158] *Deployment Report, supra* note 142.

[159] *Rural Digital Opportunity Fund, supra* note 156.

with a download speed of not less than 25 Mbps download and 3 Mbps upload, among other conditions. In selecting an area to be served by a project, recipients are encouraged to avoid investing in locations that have existing agreements to build reliable wireline service with minimum speeds of 100 Mbps download and 20 Mbps upload by December 31, 2024, in order to avoid duplication of efforts and resources.

Recipients are also encouraged to consider ways to integrate affordability options into their program design. To meet the immediate needs of unserved and underserved households and businesses, recipients are encouraged to focus on projects that deliver a physical broadband connection by prioritizing projects that achieve last mile-connections. Treasury also encourages recipients to prioritize support for broadband networks owned, operated by, or affiliated with local governments, non-profits, and co-operatives—providers with less pressure to turn profits and with a commitment to serving entire communities.

Under sections 602(c)(1)(A) and 603(c)(1)(A), assistance to households facing negative economic impacts due to COVID–19 is also an eligible use, including internet access or digital literacy assistance. As discussed above, in considering whether a potential use is eligible under this category, a recipient must consider whether, and the extent to which, the household has experienced a negative economic impact from the pandemic.

Question 22: What are the advantages and disadvantages of setting minimum symmetrical download and upload speeds of 100 Mbps? What other minimum standards would be appropriate and why?

Question 23: Would setting such a minimum be impractical for particular types of projects? If so, where and on what basis should those projects be identified? How could such a standard be set while also taking into account the practicality of using this standard in particular types of projects? In addition to topography, geography, and financial factors, what other constraints, if any, are relevant to considering whether an investment is impracticable?

Question 24: What are the advantages and disadvantages of setting a minimum level of service at 100 Mbps download and 20 Mbps upload in projects where it is impracticable to set minimum symmetrical download and upload speeds of 100 Mbps? What are the advantages and disadvantages of setting a scalability requirement in these cases? What other minimum standards would be appropriate and why?

Question 25: What are the advantages and disadvantages of focusing these investments on those without access to a wireline connection that reliably delivers 25 Mbps download by 3 Mbps upload? Would another threshold be appropriate and why?

Question 26: What are the advantages and disadvantages of setting any particular threshold for identifying unserved or underserved areas, minimum speed standards or scalability minimum? Are there other standards that should be set (e.g., latency)? If so, why and how? How can such threshold, standards, or minimum be set in a way that balances the public's interest in making sure that reliable broadband services meeting the daily needs of all Americans are available throughout the country with the providing recipients flexibility to meet the varied needs of their communities?

III. Restrictions on Use

As discussed above, recipients have considerable flexibility to use Fiscal Recovery Funds to address the diverse needs of their communities. To ensure that payments from the Fiscal Recovery Funds are used for these congressionally permitted purposes, the ARPA includes two provisions that further define the boundaries of the statute's eligible uses. Section 602(c)(2)(A) of the Act provides that States and territories may not "use the funds . . . to either directly or indirectly offset a reduction in . . . net tax revenue . . . resulting from a change in law, regulation, or administrative interpretation during the covered period that reduces any tax . . . or delays the imposition of any tax or tax increase." In addition, sections 602(c)(2)(B) and 603(c)(2) prohibit any recipient, including cities, nonentitlement units of government, and counties, from using Fiscal Recovery Funds for deposit into any pension fund. These restrictions support the use of funds for the congressionally permitted purposes described in Section II of this Supplementary Information by providing a backstop against the use of funds for purposes outside of the eligible use categories.

These provisions give force to Congress's clear intent that Fiscal Recovery Funds be spent within the four eligible uses identified in the statute—(1) to respond to the public health emergency and its negative economic impacts, (2) to provide premium pay to essential workers, (3) to provide government services to the extent of eligible governments' revenue losses, and (4) to make necessary water, sewer, and broadband infrastructure investments—and not otherwise. These four eligible uses reflect Congress's judgment that the Fiscal Recovery Funds should be expended in particular ways that support recovery from the COVID–19 public health emergency. The further restrictions reflect Congress's judgment that tax cuts and pension deposits do not fall within these eligible uses. The interim final rule describes how Treasury will identify when such uses have occurred and how it will recoup funds put toward these impermissible uses and, as discussed in Section VIII of this **SUPPLEMENTARY INFORMATION**, establishes a reporting framework for monitoring the use of Fiscal Recovery Funds for eligible uses.

A. Deposit Into Pension Funds

The statute provides that recipients may not use Fiscal Recovery Funds for "deposit into any pension fund." For the reasons discussed below, Treasury interprets "deposit" in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both:

1. The payment reduces a liability incurred prior to the start of the COVID–19 public health emergency, and

2. the payment occurs outside the recipient's regular timing for making such payments.

Under this interpretation, a "deposit" is distinct from a "payroll contribution," which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees' wages and salaries.

As discussed above, eligible uses for premium pay and responding to the negative economic impacts of the COVID–19 public health emergency include hiring and compensating public sector employees. Interpreting the scope of "deposit" to exclude contributions that are part of payroll contributions is more consistent with these eligible uses and would reduce administrative burden for recipients. Accordingly, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds. For purposes of the Fiscal Recovery Funds, covered benefits include costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans

(Federal and State), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes).

Treasury anticipates that this approach to employees' covered benefits will be comprehensive and, for employees whose wage and salary costs are eligible expenses, will allow all covered benefits listed in the previous paragraph to be eligible under the Fiscal Recovery Funds. Treasury expects that this will minimize the administrative burden on recipients by treating all the specified covered benefit types as eligible expenses, for employees whose wage and salary costs are eligible expenses.

Question 27: Beyond a "deposit" and a "payroll contribution," are there other types of payments into a pension fund that Treasury should consider?

B. Offset a Reduction in Net Tax Revenue

For States and territories (recipient governments [160]), section 602(c)(2)(A)—the offset provision—prohibits the use of Fiscal Recovery Funds to directly or indirectly offset a reduction in net tax revenue resulting from a change in law, regulation, or administrative interpretation [161] during the covered period. If a State or territory uses Fiscal Recovery Funds to offset a reduction in net tax revenue, the ARPA provides that the State or territory must repay to the Treasury an amount equal to the lesser of (i) the amount of the applicable reduction attributable to the impermissible offset and (ii) the amount received by the State or territory under the ARPA. *See* Section IV of this **SUPPLEMENTARY INFORMATION.** As discussed below Section IV of this **SUPPLEMENTARY INFORMATION,** a State or territory that chooses to use Fiscal Recovery Funds to offset a reduction in net tax revenue does not forfeit its entire allocation of Fiscal Recovery Funds (unless it misused the full allocation to offset a reduction in net tax revenue) or any non-ARPA funding received.

The interim final rule implements these conditions by establishing a framework for States and territories to determine the cost of changes in law, regulation, or interpretation that reduce tax revenue and to identify and value the sources of funds that will offset—*i.e.,* cover the cost of—any reduction in net tax revenue resulting from such changes. A recipient government would only be considered to have used Fiscal Recovery Funds to offset a reduction in net tax revenue resulting from changes in law, regulation, or interpretation if, and to the extent that, the recipient government could not identify sufficient funds from sources other than the Fiscal Recovery Funds to offset the reduction in net tax revenue. If sufficient funds from other sources cannot be identified to cover the full cost of the reduction in net tax revenue resulting from changes in law, regulation, or interpretation, the remaining amount not covered by these sources will be considered to have been offset by Fiscal Recovery Funds, in contravention of the offset provision. The interim final rule recognizes three sources of funds that may offset a reduction in net tax revenue other than Fiscal Recovery Funds—organic growth, increases in revenue (*e.g.,* an increase in a tax rate), and certain cuts in spending.

In order to reduce burden, the interim final rule's approach also incorporates the types of information and modeling already used by States and territories in their own fiscal and budgeting processes. By incorporating existing budgeting processes and capabilities, States and territories will be able to assess and evaluate the relationship of tax and budget decisions to uses of the Fiscal Recovery Funds based on information they likely have or can obtain. This approach ensures that recipient governments have the information they need to understand the implications of their decisions regarding the use of the Fiscal Recovery Funds—and, in particular, whether they are using the funds to directly or indirectly offset a reduction in net tax revenue, making them potentially subject to recoupment.

Reporting on both the eligible uses and on a State's or territory's covered tax changes that would reduce tax revenue will enable identification of, and recoupment for, use of Fiscal Recovery Funds to directly offset reductions in tax revenue resulting from tax relief. Moreover, this approach recognizes that, because money is fungible, even if Fiscal Recovery Funds are not explicitly or directly used to cover the costs of changes that reduce net tax revenue, those funds may be used in a manner inconsistent with the statute by indirectly being used to substitute for the State's or territory's funds that would otherwise have been needed to cover the costs of the reduction. By focusing on the cost of changes that reduce net tax revenue—and how a recipient government is offsetting those reductions in constructing its budget over the covered period—the framework prevents efforts to use Fiscal Recovery Funds to indirectly offset reductions in net tax revenue for which the recipient government has not identified other offsetting sources of funding.

As discussed in greater detail below in this preamble, the framework set forth in the interim final rule establishes a step-by-step process for determining whether, and the extent to which, Fiscal Recovery Funds have been used to offset a reduction in net tax revenue. Based on information reported annually by the recipient government:

- First, each year, each recipient government will identify and value the changes in law, regulation, or interpretation that would result in a reduction in net tax revenue, as it would in the ordinary course of its budgeting process. The sum of these values in the year for which the government is reporting is the amount it needs to "pay for" with sources other than Fiscal Recovery Funds (total value of revenue reducing changes).
- Second, the interim final rule recognizes that it may be difficult to predict how a change would affect net tax revenue in future years and, accordingly, provides that if the total value of the changes in the year for which the recipient government is reporting is below a de minimis level, as discussed below, the recipient government need not identify any sources of funding to pay for revenue reducing changes and will not be subject to recoupment.
- Third, a recipient government will consider the amount of actual tax revenue recorded in the year for which they are reporting. If the recipient government's actual tax revenue is greater than the amount of tax revenue received by the recipient for the fiscal year ending 2019, adjusted annually for inflation, the recipient government will not be considered to have violated the offset provision because there will not have been a reduction in net tax revenue.
- Fourth, if the recipient government's actual tax revenue is less than the amount of tax revenue received by the recipient government for the fiscal year ending 2019, adjusted annually for inflation, in the reporting year the recipient government will identify any sources of funds that have been used to permissibly offset the total value of covered tax changes other than Fiscal Recovery Funds. These are:

○ State or territory tax changes that would increase any source of general

[160] In this sub-section, "recipient governments" refers only to States and territories. In other sections, "recipient governments" refers more broadly to eligible governments receiving funding from the Fiscal Recovery Funds.

[161] For brevity, referred to as "changes in law, regulation, or interpretation" for the remainder of this preamble.

fund revenue, such as a change that would increase a tax rate; and

○ Spending cuts in areas not being replaced by Fiscal Recovery Funds.

The recipient government will calculate the value of revenue reduction remaining after applying these sources of offsetting funding to the total value of revenue reducing changes—that, is, how much of the tax change has not been paid for. The recipient government will then compare that value to the difference between the baseline and actual tax revenue. A recipient government will not be required to repay to the Treasury an amount that is greater than the recipient government's actual tax revenue shortfall relative to the baseline (*i.e.*, fiscal year 2019 tax revenue adjusted for inflation). This "revenue reduction cap," together with Step 3, ensures that recipient governments can use organic revenue growth to offset the cost of revenue reductions.

• Finally, if there are any amounts that could be subject to recoupment, Treasury will provide notice to the recipient government of such amounts. This process is discussed in greater detail in Section IV of this **SUPPLEMENTARY INFORMATION.**

Together, these steps allow Treasury to identify the amount of reduction in net tax revenue that both is attributable to covered changes and has been directly or indirectly offset with Fiscal Recovery Funds. This process ensures Fiscal Recovery Funds are used in a manner consistent with the statute's defined eligible uses and the offset provision's limitation on these eligible uses, while avoiding undue interference with State and territory decisions regarding tax and spending policies.

The interim final rule also implements a process for recouping Fiscal Recovery Funds that were used to offset reductions in net tax revenue, including the calculation of any amounts that may be subject to recoupment, a process for a recipient government to respond to a notice of recoupment, and clarification regarding amounts excluded from recoupment. *See* Section IV of this **SUPPLEMENTARY INFORMATION.**

The interim final rule includes several definitions that are applicable to the implementation of the offset provision.

Covered change. The offset provision is triggered by a reduction in net tax revenue resulting from "a change in law, regulation, or administrative interpretation." A covered change includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule where the phase-in or taking effect was not prescribed prior to the start of the covered period. Changed administrative interpretations would not include corrections to replace prior inaccurate interpretations; such corrections would instead be treated as changes implementing legislation enacted or regulations issued prior to the covered period; the operative change in those circumstances is the underlying legislation or regulation that occurred prior to the covered period. Moreover, only the changes within the control of the State or territory are considered covered changes. Covered changes do not include a change in rate that is triggered automatically and based on statutory or regulatory criteria in effect prior to the covered period. For example, a state law that sets its earned income tax credit (EITC) at a fixed percentage of the Federal EITC will see its EITC payments automatically increase—and thus its tax revenue reduced—because of the Federal Government's expansion of the EITC in the ARPA.[162] This would not be considered a covered change. In addition, the offset provision applies only to actions for which the change in policy occurs during the covered period; it excludes regulations or other actions that implement a change or law substantively enacted prior to March 3, 2021. Finally, Treasury has determined and previously announced that income tax changes—even those made during the covered period—that simply conform with recent changes in Federal law (including those to conform to recent changes in Federal taxation of unemployment insurance benefits and taxation of loan forgiveness under the Paycheck Protection Program) are permissible under the offset provision.

Baseline. For purposes of measuring a reduction in net tax revenue, the interim final rule measures actual changes in tax revenue relative to a revenue baseline (baseline). The baseline will be calculated as fiscal year 2019 (FY 2019) tax revenue indexed for inflation in each year of the covered period, with inflation calculated using the Bureau of Economic Analysis's Implicit Price Deflator.[163]

FY 2019 was chosen as the starting year for the baseline because it is the last full fiscal year prior to the COVID–19 public health emergency.[164] This baseline year is consistent with the approach directed by the ARPA in sections 602(c)(1)(C) and 603(c)(1)(C), which identify the "most recent full fiscal year of the [State, territory, or Tribal government] prior to the emergency" as the comparator for measuring revenue loss. U.S. gross domestic product is projected to rebound to pre-pandemic levels in 2021,[165] suggesting that an FY 2019 pre-pandemic baseline is a reasonable comparator for future revenue levels. The FY 2019 baseline revenue will be adjusted annually for inflation to allow for direct comparison of actual tax revenue in each year (reported in nominal terms) to baseline revenue in common units of measurement; without inflation adjustment, each dollar of reported actual tax revenue would be worth less than each dollar of baseline revenue expressed in 2019 terms.

Reporting year. The interim final rule defines "reporting year" as a single year within the covered period, aligned to the current fiscal year of the recipient government during the covered period, for which a recipient government reports the value of covered changes and any sources of offsetting revenue increases ("in-year" value), regardless of when those changes were enacted. For the fiscal years ending in 2021 or 2025 (partial years), the term "reporting year" refers to the portion of the year falling within the covered period. For example, the reporting year for a fiscal year beginning July 2020 and ending June 2021 would be from March 3, 2021 to July 2021.

Tax revenue. The interim final rule's definition of "tax revenue" is based on the Census Bureau's definition of taxes, used for its Annual Survey of State Government Finances.[166] It provides a consistent, well-established definition with which States and territories will be familiar and is consistent with the approach taken in Section II.C of this **SUPPLEMENTARY INFORMATION** describing the implementation of sections 602(c)(1)(C) and 603(c)(1)(C) of the Act, regarding revenue loss. Consistent with the approach described in Section II.C of this **SUPPLEMENTARY INFORMATION,** tax

[162] *See, e.g.*, Tax Policy Center, How do state earned income tax credits work?, *https://www.taxpolicycenter.org/briefing-book/how-do-state-earned-income-tax-credits-work/* (last visited May 9, 2021).

[163] U.S. Department of Commerce, Bureau of Economic Analysis, GDP Price Deflator, *https://www.bea.gov/data/prices-inflation/gdp-price-deflator* (last visited May 9, 2021).

[164] Using Fiscal Year 2019 is consistent with section 602 as Congress provided for using that baseline for determining the impact of revenue loss affecting the provision of government services. *See* section 602(c)(1)(C).

[165] Congressional Budget Office, An Overview of the Economic Outlook: 2021 to 2031 (February 1, 2021), *available at https://www.cbo.gov/publication/56965.*

[166] U.S. Census Bureau, Annual Survey of State and Local Government Finances Glossary, *https://www.census.gov/programs-surveys/state/about/glossary.html* (last visited Apr. 30, 2021).

revenue does not include revenue taxed and collected by a different unit of government (*e.g.*, revenue from taxes levied by a local government and transferred to a recipient government).

Framework. The interim final rule provides a step-by-step framework, to be used in each reporting year, to calculate whether the offset provision applies to a State's or territory's use of Fiscal Recovery Funds:

(1) *Covered changes that reduce tax revenue.* For each reporting year, a recipient government will identify and value covered changes that the recipient government predicts will have the effect of reducing tax revenue in a given reporting year, similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Further, estimation approaches should not use dynamic methodologies that incorporate the projected effects of macroeconomic growth because macroeconomic growth is accounted for separately in the framework. Relative to these dynamic scoring methodologies, scoring methodologies that do not incorporate projected effects of macroeconomic growth rely on fewer assumptions and thus provide greater consistency among States and territories. Dynamic scoring that incorporates macroeconomic growth may also increase the likelihood of underestimation of the cost of a reduction in tax revenue.

In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. This approach offers recipient governments the flexibility to determine their reporting methodology based on their existing budget scoring practices and capabilities. In addition, the approach of using the projected value of changes in law that enact fiscal policies to estimate the net effect of such policies is consistent with the way many States and territories already consider tax changes.[167]

(2) *In excess of the de minimis.* The recipient government will next calculate the total value of all covered changes in the reporting year resulting in revenue reductions, identified in Step 1. If the total value of the revenue reductions resulting from these changes is below the de minimis level, the recipient government will be deemed not to have any revenue-reducing changes for the purpose of determining the recognized net reduction. If the total is above the de minimis level, the recipient government must identify sources of in-year revenue to cover the full costs of changes that reduce tax revenue.

The de minimis level is calculated as 1 percent of the reporting year's baseline. Treasury recognizes that, pursuant to their taxing authority, States and territories may make many small changes to alter the composition of their tax revenues or implement other policies with marginal effects on tax revenues. They may also make changes based on projected revenue effects that turn out to differ from actual effects, unintentionally resulting in minor revenue changes that are not fairly described as "resulting from" tax law changes. The de minimis level recognizes the inherent challenges and uncertainties that recipient governments face, and thus allows relatively small reductions in tax revenue without consequence. Treasury determined the 1 percent level by assessing the historical effects of state-level tax policy changes in state EITCs implemented to effect policy goals other than reducing net tax revenues.[168] The 1 percent de minimis level reflects the historical reductions in revenue due to minor changes in state fiscal policies.

(3) *Safe harbor.* The recipient government will then compare the reporting year's actual tax revenue to the baseline. If actual tax revenue is greater than the baseline, Treasury will deem the recipient government not to have any recognized net reduction for the reporting year, and therefore to be in a safe harbor and outside the ambit of the offset provision. This approach is consistent with the ARPA, which contemplates recoupment of Fiscal Recovery Funds only in the event that such funds are used to offset a reduction in net tax revenue. If net tax revenue has not been reduced, this provision does not apply. In the event that actual tax revenue is above the baseline, the organic revenue growth that has occurred, plus any other revenue-raising changes, by definition must have been enough to offset the in-year costs of the covered changes.

(4) *Consideration of other sources of funding.* Next, the recipient government will identify and calculate the total value of changes that could pay for revenue reduction due to covered changes and sum these items. This amount can be used to pay for up to the total value of revenue-reducing changes in the reporting year. These changes consist of two categories:

(a) *Tax and other increases in revenue.* The recipient government must identify and consider covered changes in policy that the recipient government predicts will have the effect of increasing general revenue in a given reporting year. As when identifying and valuing covered changes that reduce tax revenue, the value of revenue-raising changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, aligned with the recipient government's existing approach for measuring the effects of fiscal policies, and measured relative to a current law baseline, or based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s). Further, and as discussed above, estimation approaches should not use dynamic scoring methodologies that incorporate the effects of macroeconomic growth because growth is accounted for separately under the interim final rule. In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. This approach offers recipient governments the flexibility to determine their reporting methodology based on their existing budget scoring practices and capabilities.

(b) *Covered spending cuts.* A recipient government also may cut spending in certain areas to pay for covered changes that reduce tax revenue, up to the amount of the recipient government's net reduction in total spending as described below. These changes must be reductions in government outlays not in an area where the recipient government has spent Fiscal Recovery Funds. To better align with existing reporting and accounting, the interim final rule considers the department, agency, or

[167] *See, e.g.*, Megan Randall & Kim Rueben, Tax Policy Center, Sustainable Budgeting in the States: Evidence on State Budget Institutions and Practices (Nov. 2017), *available at https://www.taxpolicycenter.org/sites/default/files/publication/149186/sustainable-budgeting-in-the-states_1.pdf.*

[168] Data provided by the Urban-Brookings Tax Policy Center for state-level EITC changes for 2004–2017.

authority from which spending has been cut and whether the recipient government has spent Fiscal Recovery Funds on that same department, agency, or authority. This approach was selected to allow recipient governments to report how Fiscal Recovery Funds have been spent using reporting units already incorporated into their budgeting process. If they have not spent Fiscal Recovery Funds in a department, agency, or authority, the full amount of the reduction in spending counts as a covered spending cut, up to the recipient government's net reduction in total spending. If they have, the Fiscal Recovery Funds generally would be deemed to have replaced the amount of spending cut and only reductions in spending above the amount of Fiscal Recovery Funds spent on the department, agency, or authority would count.

To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient government must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). This approach ensures that reported spending cuts actually create fiscal space, rather than simply offsetting other spending increases. A net reduction in total spending is measured as the difference between total spending in each reporting year, excluding Fiscal Recovery Funds spent, relative to total spending for the recipient's fiscal year ending in 2019, adjusted for inflation. Measuring reductions in spending relative to 2019 reflects the fact that the fiscal space created by a spending cut persists so long as spending remains below its original level, even if it does not decline further, relative to the same amount of revenue. Measuring spending cuts from year to year would, by contrast, not recognize any available funds to offset revenue reductions unless spending continued to decline, failing to reflect the actual availability of funds created by a persistent change and limiting the discretion of States and territories. In general and where possible, reporting should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Treasury chose this approach because while many recipient governments may score budget legislation using projections, spending cuts are readily observable using actual values.

This approach—allowing only spending reductions in areas where the recipient government has not spent Fiscal Recovery Funds to be used as an offset for a reduction in net tax revenue—aims to prevent recipient governments from using Fiscal Recovery Funds to supplant State or territory funding in the eligible use areas, and then use those State or territory funds to offset tax cuts. Such an approach helps ensure that Fiscal Recovery Funds are not used to "indirectly" offset revenue reductions due to covered changes.

In order to help ensure recipient governments use Fiscal Recovery Funds in a manner consistent with the prescribed eligible uses and do not use Fiscal Recovery Funds to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury will monitor changes in spending throughout the covered period. If, over the course of the covered period, a spending cut is subsequently replaced with Fiscal Recovery Funds and used to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury may consider such change to be an evasion of the restrictions of the offset provision and seek recoupment of such amounts.

(5) *Identification of amounts subject to recoupment.* If a recipient government (i) reports covered changes that reduce tax revenue (Step 1); (ii) to a degree greater than the de minimis (Step 2); (iii) has experienced a reduction in net tax revenue (Step 3); and (iv) lacks sufficient revenue from other, permissible sources to pay for the entirety of the reduction (Step 4), then the recipient government will be considered to have used Fiscal Recovery Funds to offset a reduction in net tax revenue, up to the amount that revenue has actually declined. That is, the maximum value of reduction in revenue due to covered changes which a recipient government must cover is capped at the difference between the baseline and actual tax revenue.[169] In the event that the baseline is above actual tax revenue and the difference between them is less than the sum of revenue reducing changes that are not paid for with other, permissible sources, organic revenue growth has implicitly offset a portion of the reduction. For example, if a recipient government reduces tax revenue by $1 billion, makes no other changes, and experiences revenue growth driven by organic economic growth worth $500 million, it need only pay for the remaining $500 million with sources other than Fiscal Recovery Funds. The revenue reduction cap implements this approach for permitting organic revenue growth to cover the cost of tax cuts.

Finally, as discussed further in Section IV of this **SUPPLEMENTARY INFORMATION**, a recipient government may request reconsideration of any amounts identified as subject to recoupment under this framework. This process ensures that all relevant facts and circumstances, including information regarding planned spending cuts and budgeting assumptions, are considered prior to a determination that an amount must be repaid. Amounts subject to recoupment are calculated on an annual basis; amounts recouped in one year cannot be returned if the State or territory subsequently reports an increase in net tax revenue.

To facilitate the implementation of the framework above, and in addition to reporting required on eligible uses, in each year of the reporting period, each State and territory will report to Treasury the following items:

- Actual net tax revenue for the reporting year;
- Each revenue-reducing change made to date during the covered period and the in-year value of each change;
- Each revenue-raising change made to date during the covered period and the in-year value of each change;
- Each covered spending cut made to date during the covered period, the in-year value of each cut, and documentation demonstrating that each spending cut is covered as prescribed under the interim final rule;

Treasury will provide additional guidance and instructions the reporting requirements at a later date.

Question 28: Does the interim final rule's definition of tax revenue accord with existing State and territorial practice and, if not, are there other definitions or elements Treasury should consider? Discuss why or why not.

Question 29: The interim final rule permits certain spending cuts to cover the costs of reductions in tax revenue, including cuts in a department, agency, or authority in which the recipient government is not using Fiscal Recovery Funds. How should Treasury and recipient governments consider the scope of a department, agency, or authority for the use of funds to ensure spending cuts are not being substituted with Fiscal Recovery Funds while also avoiding an overbroad definition of that captures spending that is, in fact, distinct?

Question 30: Discuss the budget scoring methodologies currently used by States and territories. How should the interim final rule take into consideration differences in approaches? Please discuss the use of

[169] This cap is applied in § 35.8(c) of the interim final rule, calculating the amount of funds used in violation of the tax offset provision.

practices including but not limited to macrodynamic scoring, microdynamic scoring, and length of budget windows.

Question 31: If a recipient government has a balanced budget requirement, how will that requirement impact its use of Fiscal Recovery Funds and ability to implement this framework?

Question 32: To implement the framework described above, the interim final rule establishes certain reporting requirements. To what extent do recipient governments already produce this information and on what timeline? Discuss ways that Treasury and recipient governments may better rely on information already produced, while ensuring a consistent application of the framework.

Question 33: Discuss States' and territories' ability to produce the figures and numbers required for reporting under the interim final rule. What additional reporting tools, such as a standardized template, would facilitate States' and territories' ability to complete the reporting required under the interim final rule?

C. Other Restrictions on Use

Payments from the Fiscal Recovery Funds are also subject to pre-existing limitations provided in other Federal statutes and regulations and may not be used as non-Federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, payments from the Fiscal Recovery Funds may not be used to satisfy the State share of Medicaid.[170]

As provided for in the award terms, payments from the Fiscal Recovery Funds as a general matter will be subject to the provisions of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR part 200) (the Uniform Guidance), including the cost principles and restrictions on general provisions for selected items of cost.

D. Timeline for Use of Fiscal Recovery Funds

Section 602(c)(1) and section 603(c)(1) require that payments from the Fiscal Recovery Funds be used only to cover costs incurred by the State, territory, Tribal government, or local government by December 31, 2024. Similarly, the CARES Act provided that payments from the CRF be used to cover costs incurred by December 31, 2021.[171] The definition of "incurred" does not have a clear meaning. With respect to the CARES Act, on the understanding that the CRF was intended to be used to meet relatively short-term needs, Treasury interpreted this requirement to mean that, for a cost to be considered to have been incurred, performance of the service or delivery of the goods acquired must occur by December 31, 2021. In contrast, the ARPA, passed at a different stage of the COVID–19 public health emergency, was intended to provide more general fiscal relief over a broader timeline. In addition, the ARPA expressly permits the use of Fiscal Recovery Funds for improvements to water, sewer, and broadband infrastructure, which entail a longer timeframe. In recognition of this, Treasury is interpreting the requirement in section 602 and section 603 that costs be incurred by December 31, 2024, to require only that recipients have obligated the Fiscal Recovery Funds by such date. The interim final rule adopts a definition of "obligation" that is based on the definition used for purposes of the Uniform Guidance, which will allow for uniform administration of this requirement and is a definition with which most recipients will be familiar.

Payments from the Fiscal Recovery Funds are grants provided to recipients to mitigate the fiscal effects of the COVID–19 public health emergency and to respond to the public health emergency, consistent with the eligible uses enumerated in sections 602(c)(1) and 603(c)(1).[172] As such, these funds are intended to provide economic stimulus in areas still recovering from the economic effects of the pandemic. In implementing and interpreting these provisions, including what it means to "respond to" the COVID–19 public health emergency, Treasury takes into consideration pre-pandemic facts and circumstances (*e.g.*, average revenue growth prior to the pandemic) as well as impact of the pandemic that predate the enactment of the ARPA (*e.g.*, replenishing Unemployment Trust balances drawn during the pandemic). While assessing the effects of the COVID–19 public health emergency necessarily takes into consideration the facts and circumstances that predate the ARPA, use of Fiscal Recovery Funds is forward looking.

As discussed above, recipients are permitted to use payments from the Fiscal Recovery Funds to respond to the public health emergency, to respond to workers performing essential work by providing premium pay or providing grants to eligible employers, and to make necessary investments in water, sewer, or broadband infrastructure, which all relate to prospective uses. In addition, sections 602(c)(1)(C) and 603(c)(1)(C) permit recipients to use Fiscal Recovery Funds for the provision of government services. This clause provides that the amount of funds that may be used for this purpose is measured by reference to the reduction in revenue due to the public health emergency relative to revenues collected in the most recent full fiscal year, but this reference does not relate to the period during which recipients may use the funds, which instead refers to prospective uses, consistent with the other eligible uses.

Although as discussed above the eligible uses of payments from the Fiscal Recovery Funds are all prospective in nature, Treasury considers the beginning of the covered period for purposes of determining compliance with section 602(c)(2)(A) to be the relevant reference point for this purpose. The interim final rule thus permits funds to be used to cover costs incurred beginning on March 3, 2021. This aligns the period for use of Fiscal Recovery Funds with the period during which these funds may not be used to offset reductions in net tax revenue. Permitting Fiscal Recovery Funds to be used to cover costs incurred beginning on this date will also mean that recipients that began incurring costs in the anticipation of enactment of the ARPA and in advance of the issuance of this rule and receipt of payment from the Fiscal Recovery Funds would be able to cover them using these payments.[173]

As set forth in the award terms, the period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with payments from the Fiscal Recovery Funds.

IV. Recoupment Process

Under the ARPA, failure to comply with the restrictions on use contained in sections 602(c) and 603(c) of the Act may result in recoupment of funds.[174] The interim final rule implements these provisions by establishing a process for recoupment.

Identification and Notice of Violations. Failure to comply with the restrictions on use will be identified based on reporting provided by the

[170] *See* 42 CFR 433.51 and 45 CFR 75.306.

[171] Section 1001 of Division N of the Consolidated Appropriations Act, 2021 amended section 601(d)(3) of the Act by extending the end of the covered period for CRF expenditures from December 30, 2020 to December 31, 2021.

[172] Sections 602(a), 603(a), 602(c)(1) and 603(c)(1) of the Act.

[173] Given the nature of this program, recipients will not be permitted to use funds to cover pre-award costs, *i.e.*, those incurred prior to March 3, 2021.

[174] Sections 602(e) and 603(e) of the Act.

recipient. As discussed further in Sections III.B and VIII of this **SUPPLEMENTARY INFORMATION**, Treasury will collect information regarding eligible uses on a quarterly basis and on the tax offset provision on an annual basis. Treasury also may consider other information in identifying a violation, such as information provided by members of the public. If Treasury identifies a violation, it will provide written notice to the recipient along with an explanation of such amounts.

Request for Reconsideration. Under the interim final rule, a recipient may submit a request for reconsideration of any amounts identified in the notice provided by Treasury. This reconsideration process provides a recipient the opportunity to submit additional information it believes supports its request in light of the notice of recoupment, including, for example, additional information regarding the recipient's use of Fiscal Recovery Funds or its tax revenues. The process also provides the Secretary with an opportunity to consider all information relevant to whether a violation has occurred, and if so, the appropriate amount for recoupment.

The interim final rule also establishes requirements for the timing of a request for reconsideration. Specifically, if a recipient wishes to request reconsideration of any amounts identified in the notice, the recipient must submit a written request for reconsideration to the Secretary within 60 calendar days of receipt of such notice. The request must include an explanation of why the recipient believes that the finding of a violation or recoupable amount identified in the notice of recoupment should be reconsidered. To facilitate the Secretary's review of a recipient's request for reconsideration, the request should identify all supporting reasons for the request. Within 60 calendar days of receipt of the recipient's request for reconsideration, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment. Such notification will include an explanation of the decision, including responses to the recipient's supporting reasons and consideration of additional information provided.

The process and timeline established by the interim final rule are intended to provide the recipient with an adequate opportunity to fully present any issues or arguments in response to the notice of recoupment.[175] This process will allow the Secretary to respond to the issues and considerations raised in the request for reconsideration taking into account the information and arguments presented by the recipient along with any other relevant information.

Repayment. Finally, the interim final rule provides that any amounts subject to recoupment must be repaid within 120 calendar days of receipt of any final notice of recoupment or, if the recipient has not requested reconsideration, within 120 calendar days of the initial notice provided by the Secretary.

Question 34: Discuss the timeline for requesting reconsideration under the interim final rule. What, if any, challenges does this timeline present?

V. Payments in Tranches to Local Governments and Certain States

Section 603 of the Act provides that the Secretary will make payments to local governments in two tranches, with the second tranche being paid twelve months after the first payment. In addition, section 602(b)(6)(A)(ii) provides that the Secretary may withhold payment of up to 50 percent of the amount allocated to each State and territory for a period of up to twelve months from the date on which the State or territory provides its certification to the Secretary. Any such withholding for a State or territory is required to be based on the unemployment rate in the State or territory as of the date of the certification.

The Secretary has determined to provide in this interim final rule for withholding of 50 percent of the amount of Fiscal Recovery Funds allocated to all States (and the District of Columbia) other than those with an unemployment rate that is 2.0 percentage points or more above its pre-pandemic (*i.e.*, February 2020) level. The Secretary will refer to the latest available monthly data from the Bureau of Labor Statistics as of the date the certification is provided. Based on data available at the time of public release of this interim final rule, this threshold would result in a majority of States being paid in two tranches.

Splitting payments for the majority of States is consistent with the requirement in section 603 of the Act to make payments from the Coronavirus Local Fiscal Recovery Fund to local governments in two tranches.[176] Splitting payments to States into two tranches will help encourage recipients to adapt, as necessary, to new developments that could arise over the coming twelve months, including potential changes to the nature of the public health emergency and its negative economic impacts. While the U.S. economy has been recovering and adding jobs in aggregate, there is still considerable uncertainty in the economic outlook and the interaction between the pandemic and the economy.[177] For these reasons, Treasury believes it will be appropriate for a majority of recipients to adapt their plans as the recovery evolves. For example, a faster-than-expected economic recovery in 2021 could lead a recipient to dedicate more Fiscal Recovery Funds to longer-term investments starting in 2022. In contrast, a slower-than-expected economic recovery in 2021 could lead a recipient to use additional funds for near-term stimulus in 2022.

At the same time, the statute contemplates the possibility that elevated unemployment in certain States could justify a single payment. Elevated unemployment is indicative of a greater need to assist unemployed workers and stimulate a faster economic recovery. For this reason, the interim final rule provides that States and territories with an increase in their unemployment rate over a specified threshold may receive a single payment, with the expectation that a single tranche will better enable these States and territories to take additional immediate action to aid the unemployed and strengthen their economies.

Following the initial pandemic-related spike in unemployment in 2020, States' unemployment rates have been trending back towards pre-pandemic levels. However, some States' labor markets are healing more slowly than others. Moreover, States varied widely in their pre-pandemic levels of unemployment, and some States remain substantially further from their pre-

[175] The interim final rule also provides that Treasury may extend any deadlines.

[176] With respect to Federal financial assistance more generally, States are subject to the requirements of the Cash Management Improvement Act (CMIA), under which Federal funds are drawn upon only on an as needed basis and States are required to remit interest on unused balances to Treasury. Given the statutory requirement for Treasury to make payments to States within a certain period, these requirements of the CMIA and Treasury's implementing regulations at 31 CFR part 205 will not apply to payments from the Fiscal Recovery Funds. Providing funding in two tranches to the majority of States reflects, to the maximum extent permitted by section 602 of the Act, the general principles of Federal cash management and stewardship of Federal funding, yet will be much less restrictive than the usual requirements to which States are subject.

[177] The potential course of the virus, and its impact on the economy, has contributed to a heightened degree of uncertainty relative to prior periods. *See, e.g.*, Dave Altig et al., Economic uncertainty before and during the COVID–19 pandemic, J. of Public Econ. (Nov. 2020), *available at https://www.sciencedirect.com/science/article/abs/pii/S0047272720301389.*

pandemic starting point. Consequently, Treasury is delineating States with significant remaining elevation in the unemployment rate, based on the net difference to pre-pandemic levels.

Treasury has established that significant remaining elevation in the unemployment rate is a net change in the unemployment rate of 2.0 percentage points or more relative to pre-pandemic levels. In the four previous recessions going back to the early 1980s, the national unemployment rate rose by 3.6, 2.3, 2.0, and 5.0 percentage points, as measured from the start of the recession to the eventual peak during or immediately following the recession.[178] Each of these increases can therefore represent a recession's impact on unemployment. To identify States with significant remaining elevation in unemployment, Treasury took the lowest of these four increases, 2.0 percentage points, to indicate states where, despite improvement in the unemployment rate, current labor market conditions are consistent still with a historical benchmark for a recession.

No U.S. territory will be subject to withholding of its payment from the Fiscal Recovery Funds. For Puerto Rico, the Secretary has determined that the current level of the unemployment rate (8.8 percent, as of March 2021[179]) is sufficiently high such that Treasury should not withhold any portion of its payment from the Fiscal Recovery Funds regardless of its change in unemployment rate relative to its pre-pandemic level. For U.S. territories that are not included in the Bureau of Labor Statistics' monthly unemployment rate data, the Secretary will not exercise the authority to withhold amounts from the Fiscal Recovery Funds.

VI. Transfer

The statute authorizes State, territorial, and Tribal governments; counties; metropolitan cities; and nonentitlement units of local government (counties, metropolitan cities, and nonentitlement units of local government are collectively referred to as "local governments") to transfer amounts paid from the Fiscal Recovery Funds to a number of specified entities. By permitting these transfers, Congress recognized the importance of providing flexibility to governments seeking to achieve the greatest impact with their funds, including by working with other levels or units of government or private entities to assist recipient governments in carrying out their programs. This includes special-purpose districts that perform specific functions in the community, such as fire, water, sewer, or mosquito abatement districts.

Specifically, under section 602(c)(3), a State, territory, or Tribal government may transfer funds to a "private nonprofit organization . . . a Tribal organization . . . a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government."[180] Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations).

The interim final rule clarifies that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive. The interim final rule permits State, territorial, and Tribal governments to transfer Fiscal Recovery Funds to other constituent units of government or private entities beyond those specified in the statute. Similarly, local governments are authorized to transfer Fiscal Recovery Funds to other constituent units of government (*e.g.*, a county is able to transfer Fiscal Recovery Funds to a city, town, or school district within it) or to private entities. This approach is intended to help provide funding to local governments with needs that may exceed the allocation provided under the statutory formula.

State, local, territorial, and Tribal governments that receive a Federal award directly from a Federal awarding agency, such as Treasury, are "recipients." A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be a subrecipient. Subrecipients are entities that receive a subaward from a recipient to carry out a program or project on behalf of the recipient with the recipient's Federal award funding. The recipient remains responsible for monitoring and overseeing the subrecipient's use of Fiscal Recovery Funds and other activities related to the award to ensure that the subrecipient complies with the statutory and regulatory requirements and the terms and conditions of the award. Recipients also remain responsible for reporting to Treasury on their subrecipients' use of payments from the Fiscal Recovery Funds for the duration of the award.

Transfers under sections 602(c)(3) and 603(c)(3) must qualify as an eligible use of Fiscal Recovery Funds by the transferor. Once Fiscal Recovery Funds are received, the transferee must abide by the restrictions on use applicable to the transferor under the ARPA and other applicable law and program guidance. For example, if a county transferred Fiscal Recovery Funds to a town within its borders to respond to the COVID–19 public health emergency, the town would be bound by the eligible use requirements applicable to the county in carrying out the county's goal. This also means that county A may not transfer Fiscal Recovery Funds to county B for use in county B because such a transfer would not, from the perspective of the transferor (county A), be an eligible use in county A.

Section 603(c)(4) separately provides for transfers by a local government to its State or territory. A transfer under section 603(c)(4) will not make the State a subrecipient of the local government, and such Fiscal Recovery Funds may be used by the State for any purpose permitted under section 602(c). A transfer under section 603(c)(4) will result in a cancellation or termination of the award on the part of the transferor local government and a modification of the award to the transferee State or territory. The transferor must provide notice of the transfer to Treasury in a format specified by Treasury. If the local government does not provide such notice, it will remain legally obligated to Treasury under the award and remain responsible for ensuring that the awarded Fiscal Recovery Funds are being used in accordance with the statute and program guidance and for reporting on such uses to Treasury. A State that receives a transfer from a local government under section 603(c)(4) will be bound by all of the use restrictions set forth in section 602(c) with respect to the use of those Fiscal Recovery Funds, including the prohibitions on use of such Fiscal Recovery Funds to offset certain reductions in taxes or to make deposits into pension funds.

Question 35: What are the advantages and disadvantages of treating the list of transferees in sections 602(c)(3) and 603(c)(3) as nonexclusive, allowing States and localities to transfer funds to entities outside of the list?

Question 36: Are there alternative ways of defining "special-purpose unit of State or local government" and

[178] Includes the period during and immediately following recessions, as defined by the National Bureau of Economic Research. National Bureau of Economic Research, US Business Cycle Expansions and Contractions, *https://www.nber.org/research/data/us-business-cycle-expansions-and-contractions* (last visited Apr. 27, 2021). Based on data from U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], retrieved from FRED, Federal Reserve Bank of St. Louis, *https://fred.stlouisfed.org/series/UNRATE* (last visited Apr. 27, 2021).

[179] U.S. Bureau of Labor Statistics, Economic News Release—Table 1. Civilian labor force and unemployment by state and selected area, seasonally adjusted, *https://www.bls.gov/news.release/laus.t01.htm* (last visited Apr. 30, 2021).

[180] Section 602(c)(3) of the Act.

"public benefit corporation" that would better further the aims of the Funds?

VII. Nonentitlement Units of Government

The Fiscal Recovery Funds provides for $19.53 billion in payments to be made to States and territories which will distribute the funds to nonentitlement units of local government (NEUs); local governments which generally have populations below 50,000. These local governments have not yet received direct fiscal relief from the Federal Government during the COVID–19 public health emergency, making Fiscal Recovery Funds payments an important source of support for their public health and economic responses. Section 603 requires Treasury to allocate and pay Fiscal Recovery Funds to the States and territories and requires the States and territories to distribute Fiscal Recovery Funds to NEUs based on population within 30 days of receipt unless an extension is granted by the Secretary. The interim final rule clarifies certain aspects regarding the distribution of Fiscal Recovery by States and territories to NEUs, as well as requirements around timely payments from the Fiscal Recovery Funds.

The ARPA requires that States and territories allocate funding to NEUs in an amount that bears the same proportion as the population of the NEU bears to the total population of all NEUs in the State or territory, subject to a cap (described below). Because the statute requires States and territories to make distributions based on population, States and territories may not place additional conditions or requirements on distributions to NEUs, beyond those required by the ARPA and Treasury's implementing regulations and guidance. For example, a State may not impose stricter limitations than permitted by statute or Treasury regulations or guidance on an NEU's use of Fiscal Recovery Funds based on the NEU's proposed spending plan or other policies. States and territories are also not permitted to offset any debt owed by the NEU against the NEU's distribution. Further, States and territories may not provide funding on a reimbursement basis—*e.g.,* requiring NEUs to pay for project costs up front before being reimbursed with Fiscal Recovery Funds payments—because this funding model would not comport with the statutory requirement that States and territories make distributions to NEUs within the statutory timeframe.

Similarly, States and territories distributing Fiscal Recovery Funds payments to NEUs are responsible for complying with the Fiscal Recovery Funds statutory requirement that distributions to NEUs not exceed 75 percent of the NEU's most recent budget. The most recent budget is defined as the NEU's most recent annual total operating budget, including its general fund and other funds, as of January 27, 2020. Amounts in excess of such cap and therefore not distributed to the NEU must be returned to Treasury by the State or territory. States and territories may rely for this determination on a certified top-line budget total from the NEU.

Under the interim final rule, the total allocation and distribution to an NEU, including the sum of both the first and second tranches of funding, cannot exceed the 75 percent cap. States and territories must permit NEUs without formal budgets as of January 27, 2020 to self-certify their most recent annual expenditures as of January 27, 2020 for the purpose of calculating the cap. This approach will provide an administrable means to implement the cap for small local governments that do not adopt a formal budget.

Section 603(b)(3) of the Social Security Act provides for Treasury to make payments to counties but provides that, in the case of an amount to be paid to a county that is not a unit of general local government, the amount shall instead be paid to the State in which such county is located, and such State shall distribute such amount to each unit of general local government within such county in an amount that bears the same proportion to the amount to be paid to such county as the population of such units of general local government bears to the total population of such county. As with NEUs, States may not place additional conditions or requirements on distributions to such units of general local government, beyond those required by the ARPA and Treasury's implementing regulations and guidance.

In the case of consolidated governments, section 603(b)(4) allows consolidated governments (*e.g.,* a city-county consolidated government) to receive payments under each allocation based on the respective formulas. In the case of a consolidated government, Treasury interprets the budget cap to apply to the consolidated government's NEU allocation under section 603(b)(2) but not to the consolidated government's county allocation under section 603(b)(3).

If necessary, States and territories may use the Fiscal Recovery Funds under section 602(c)(1)(A) to fund expenses related to administering payments to NEUs and units of general local government, as disbursing these funds itself is a response to the public health emergency and its negative economic impacts. If a State or territory requires more time to disburse Fiscal Recovery Funds to NEUs than the allotted 30 days, Treasury will grant extensions of not more than 30 days for States and territories that submit a certification in writing in accordance with section 603(b)(2)(C)(ii)(I). Additional extensions may be granted at the discretion of the Secretary.

Question 37: What are alternative ways for States and territories to enforce the 75 percent cap while reducing the administrative burden on them?

Question 38: What criteria should Treasury consider in assessing requests for extensions for further time to distribute NEU payments?

VIII. Reporting

States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one interim report and thereafter quarterly Project and Expenditure reports through the end of the award period on December 31, 2026. The interim report will include a recipient's expenditures by category at the summary level from the date of award to July 31, 2021 and, for States and territories, information related to distributions to nonentitlement units. Recipients must submit their interim report to Treasury by August 31, 2021. Nonentitlement units of local government are not required to submit an interim report.

The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds. The reports will include the same general data (*e.g.,* on obligations, expenditures, contracts, grants, and subawards) as those submitted by recipients of the CRF, with some modifications. Modifications will include updates to the expenditure categories and the addition of data elements related to specific eligible uses, including some of the reporting elements described in sections above. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021, and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Nonentitlement units of local government will be required to submit

annual Project and Expenditure reports until the end of the award period on December 31, 2026. The initial annual Project and Expenditure report for nonentitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance report to Treasury. The Recovery Plan Performance report will provide the public and Treasury information on the projects that recipients are undertaking with program funding and how they are planning to ensure project outcomes are achieved in an effective, efficient, and equitable manner. Each jurisdiction will have some flexibility in terms of the form and content of the Recovery Plan Performance report, as long as it includes the minimum information required by Treasury. The Recovery Plan Performance report will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury, as well as programmatic data in specific eligible use categories and the specific reporting requirements described in the sections above. The initial Recovery Plan Performance report will cover the period from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, Recovery Plan Performance reports will cover a 12-month period, and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance report will cover the period from July 1, 2021 to June 30, 2022, and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and nonentitlement units of local government are not required to develop a Recovery Plan Performance report.

Treasury will provide additional guidance and instructions on the reporting requirements outlined above for the Fiscal Recovery Funds at a later date.

IX. Comments and Effective Date

This interim final rule is being issued without advance notice and public comment to allow for immediate implementation of this program. As discussed below, the requirements of advance notice and public comment do not apply "to the extent that there is involved . . . a matter relating to agency . . . grants." [181] The interim final rule implements statutory conditions on the eligible uses of the Fiscal Recovery Funds grants, and addresses the payment of those funds, the reporting on uses of funds, and potential consequences of ineligible uses. In addition and as discussed below, the Administrative Procedure Act also provides an exception to ordinary notice-and-comment procedures "when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." [182] This good cause justification also supports waiver of the 60-day delayed effective date for major rules under the Congressional Review Act at 5 U.S.C. 808(2). Although this interim final rule is effective immediately, comments are solicited from interested members of the public and from recipient governments on all aspects of the interim final rule.

These comments must be submitted on or before July 16, 2021.

X. Regulatory Analyses

Executive Orders 12866 and 13563

This interim final rule is economically significant for the purposes of Executive Orders 12866 and 13563. Treasury, however, is proceeding under the emergency provision at Executive Order 12866 section 6(a)(3)(D) based on the need to act expeditiously to mitigate the current economic conditions arising from the COVID–19 public health emergency. The rule has been reviewed by the Office of Management and Budget (OMB) in accordance with Executive Order 12866. This rule is necessary to implement the ARPA in order to provide economic relief to State, local, and Tribal governments adversely impacted by the COVID–19 public health emergency.

Under Executive Order 12866, OMB must determine whether this regulatory action is "significant" and, therefore, subject to the requirements of the Executive Order and subject to review by OMB. Section 3(f) of Executive Order 12866 defines a significant regulatory action as an action likely to result in a rule that may:

(1) Have an annual effect on the economy of $100 million or more, or adversely affect a sector of the economy; productivity; competition; jobs; the environment; public health or safety; or State, local, or Tribal governments or communities in a material way (also referred to as "economically significant" regulations);

(2) Create a serious inconsistency or otherwise interfere with an action taken or planned by another agency;

(3) Materially alter the budgetary impacts of entitlements, grants, user fees, or loan programs or the rights and obligations of recipients thereof; or

(4) Raise novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles stated in the Executive order.

This regulatory action is an economically significant regulatory action subject to review by OMB under section 3(f) of Executive Order 12866. Treasury has also reviewed these regulations under Executive Order 13563, which supplements and explicitly reaffirms the principles, structures, and definitions governing regulatory review established in Executive Order 12866. To the extent permitted by law, section 1(b) of Executive Order 13563 requires that an agency:

(1) Propose or adopt regulations only upon a reasoned determination that their benefits justify their costs (recognizing that some benefits and costs are difficult to quantify);

(2) Tailor its regulations to impose the least burden on society, consistent with obtaining regulatory objectives taking into account, among other things, and to the extent practicable, the costs of cumulative regulations;

(3) Select, in choosing among alternative regulatory approaches, those approaches that maximize net benefits (including potential economic, environmental, public health and safety, and other advantages; distributive impacts; and equity);

(4) To the extent feasible, specify performance objectives, rather than the behavior or manner of compliance a regulated entity must adopt; and

(5) Identify and assess available alternatives to direct regulation, including providing economic incentives—such as user fees or marketable permits—to encourage the desired behavior, or providing information that enables the public to make choices.

Executive Order 13563 also requires an agency "to use the best available

[181] 5 U.S.C. 553(a)(2).

[182] 5 U.S.C. 553(b)(3)(B); *see also* 5 U.S.C. 553(d)(3) (creating an exception to the requirement of a 30-day delay before the effective date of a rule "for good cause found and published with the rule").

techniques to quantify anticipated present and future benefits and costs as accurately as possible." OMB's Office of Information and Regulatory Affairs (OIRA) has emphasized that these techniques may include "identifying changing future compliance costs that might result from technological innovation or anticipated behavioral changes."

Treasury has assessed the potential costs and benefits, both quantitative and qualitative, of this regulatory action, and is issuing this interim final rule only on a reasoned determination that the benefits exceed the costs. In choosing among alternative regulatory approaches, Treasury selected those approaches that would maximize net benefits. Based on the analysis that follows and the reasons stated elsewhere in this document, Treasury believes that this interim final rule is consistent with the principles set forth in Executive Order 13563.

Treasury also has determined that this regulatory action does not unduly interfere with States, territories, Tribal governments, and localities in the exercise of their governmental functions.

This Regulatory Impact Analysis discusses the need for regulatory action, the potential benefits, and the potential costs.

Need for Regulatory Action. This interim final rule implements the $350 billion Fiscal Recovery Funds of the ARPA, which Congress passed to help States, territories, Tribal governments, and localities respond to the ongoing COVID–19 public health emergency and its economic impacts. As the agency charged with execution of these programs, Treasury has concluded that this interim final rule is needed to ensure that recipients of Fiscal Recovery Funds fully understand the requirements and parameters of the program as set forth in the statute and deploy funds in a manner that best reflects Congress' mandate for targeted fiscal relief.

This interim final rule is primarily a transfer rule: It transfers $350 billion in aid from the Federal Government to states, territories, Tribal governments, and localities, generating a significant macroeconomic effect on the U.S. economy. In making this transfer, Treasury has sought to implement the program in ways that maximize its potential benefits while minimizing its costs. It has done so by aiming to target relief in key areas according to the congressional mandate; offering clarity to States, territories, Tribal governments, and localities while maintaining their flexibility to respond to local needs; and limiting administrative burdens.

Analysis of Benefits. Relative to a pre-statutory baseline, the Fiscal Recovery Funds provide a combined $350 billion to State, local, and Tribal governments for fiscal relief and support for costs incurred responding to the COVID–19 pandemic. Treasury believes that this transfer will generate substantial additional economic activity, although given the flexibility accorded to recipients in the use of funds, it is not possible to precisely estimate the extent to which this will occur and the timing with which it will occur. Economic research has demonstrated that state fiscal relief is an efficient and effective way to mitigate declines in jobs and output during an economic downturn.[183] Absent such fiscal relief, fiscal austerity among State, local, and Tribal governments could exert a prolonged drag on the overall economic recovery, as occurred following the 2007–09 recession.[184]

This interim final rule provides benefits across several areas by implementing the four eligible funding uses, as defined in statute: Strengthening the response to the COVID–19 public health emergency and its economic impacts; easing fiscal pressure on State, local, and Tribal governments that might otherwise lead to harmful cutbacks in employment or government services; providing premium pay to essential workers; and making necessary investments in certain types of infrastructure. In implementing the ARPA, Treasury also sought to support disadvantaged communities that have been disproportionately impacted by the pandemic. The Fiscal Recovery Funds as implemented by the interim final rule can be expected to channel resources toward these uses in order to achieve substantial near-term economic and public health benefits, as well as longer-term benefits arising from the allowable investments in water, sewer, and broadband infrastructure and aid to families.

These benefits are achieved in the interim final rule through a broadly flexible approach that sets clear guidelines on eligible uses of Fiscal Recovery Funds and provides State, local, and Tribal government officials discretion within those eligible uses to direct Fiscal Recovery Funds to areas of greatest need within their jurisdiction. While preserving recipients' overall flexibility, the interim final rule includes several provisions that implement statutory requirements and will help support use of Fiscal Recovery Funds to achieve the intended benefits. The remainder of this section clarifies how Treasury's approach to key provisions in the interim final rule will contribute to greater realization of benefits from the program.

- *Revenue Loss:* Recipients will compute the extent of reduction in revenue by comparing actual revenue to a counterfactual trend representing what could have plausibly been expected to occur in the absence of the pandemic. The counterfactual trend begins with the last full fiscal year prior to the public health emergency (as required by statute) and projects forward with an annualized growth adjustment. Treasury's decision to incorporate a growth adjustment into the calculation of revenue loss ensures that the formula more fully captures revenue shortfalls relative to recipients' pre-pandemic expectations. Moreover, recipients will have the opportunity to re-calculate revenue loss at several points throughout the program, recognizing that some recipients may experience revenue effects with a lag. This option to re-calculate revenue loss on an ongoing basis should result in more support for recipients to avoid harmful cutbacks in future years. In calculating revenue loss, recipients will look at general revenue in the aggregate, rather than on a source-by-source basis. Given that recipients may have experienced offsetting changes in revenues across sources, Treasury's approach provides a more accurate representation of the effect of the pandemic on overall revenues.
- *Premium Pay:* Per the statute, recipients have broad latitude to designate critical infrastructure sectors and make grants to third-party employers for the purpose of providing premium pay or otherwise respond to essential workers. While the interim final rule generally preserves the flexibility in the statute, it does add a requirement that recipients give written justification in the case that premium pay would increase a worker's annual pay above a certain threshold. To set this threshold, Treasury analyzed data

[183] Gabriel Chodorow-Reich et al., Does State Fiscal Relief during Recessions Increase Employment? Evidence from the American Recovery and Reinvestment Act, American Econ. J.: Econ. Policy, 4:3 118–45 (Aug. 2012), *available at https://www.aeaweb.org/articles?id=10.1257/pol.4.3.118.*

[184] *See, e.g.,* Fitzpatrick, Haughwout & Setren, Fiscal Drag from the State and Local Sector?, Liberty Street Economics Blog, Federal Reserve Bank of New York (June 27, 2012), *https://www.libertystreeteconomics.newyorkfed.org/2012/06/fiscal-drag-from-the-state-and-local-sector.html;* Jiri Jonas, Great Recession and Fiscal Squeeze at U.S. Subnational Government Level, IMF Working Paper 12/184, (July 2012), *available at https://www.imf.org/external/pubs/ft/wp/2012/wp12184.pdf;* Gordon, *supra* note 9.

from the Bureau of Labor Statistics to determine a level that would not require further justification for premium pay to the vast majority of essential workers, while requiring higher scrutiny for provision of premium pay to higher-earners who, even without premium pay, would likely have greater personal financial resources to cope with the effects of the pandemic. Treasury believes the threshold in the interim final rule strikes the appropriate balance between preserving flexibility and helping encourage use of these resources to help those in greatest need. The interim final rule also requires that eligible workers have regular in-person interactions or regular physical handling of items that were also handled by others. This requirement will also help encourage use of financial resources for those who have endured the heightened risk of performing essential work.

- *Withholding of Payments to Recipients:* Treasury believes that for the vast majority of recipient entities, it will be appropriate to receive funds in two separate payments. As discussed above, withholding of payments ensures that recipients can adapt spending plans to evolving economic conditions and that at least some of the economic benefits will be realized in 2022 or later. However, consistent with authorities granted to Treasury in the statute, Treasury recognizes that a subset of States with significant remaining elevation in the unemployment rate could face heightened additional near-term needs to aid unemployed workers and stimulate the recovery. Therefore, for a subset of State governments, Treasury will not withhold any funds from the first payment. Treasury believes that this approach strikes the appropriate balance between the general reasons to provide funds in two payments and the heightened additional near-term needs in specific States. As discussed above, Treasury set a threshold based on historical analysis of unemployment rates in recessions.
- *Hiring Public Sector Employees:* The interim final rule states explicitly that recipients may use funds to restore their workforces up to pre-pandemic levels. Treasury believes that this statement is beneficial because it eliminates any uncertainty that could cause delays or otherwise negatively impact restoring public sector workforces (which, at time of publication, remain significantly below pre-pandemic levels).

Finally, the interim final rule aims to promote and streamline the provision of assistance to individuals and communities in greatest need, particularly communities that have been historically disadvantaged and have experienced disproportionate impacts of the COVID–19 crisis. Targeting relief is in line with Executive Order 13985, "Advancing Racial Equity and Support for Underserved Communities Through the Federal Government," which laid out an Administration-wide priority to support "equity for all, including people of color and others who have been historically underserved, marginalized, and adversely affected by persistent poverty and inequality."[185] To this end, the interim final rule enumerates a list of services that may be provided using Fiscal Recovery Funds in low-income areas to address the disproportionate impacts of the pandemic in these communities; establishes the characteristics of essential workers eligible for premium pay and encouragement to serve workers based on financial need; provides that recipients may use Fiscal Recovery Funds to restore (to pre-pandemic levels) state and local workforces, where women and people of color are disproportionately represented;[186] and targets investments in broadband infrastructure to unserved and underserved areas. Collectively, these provisions will promote use of resources to facilitate the provision of assistance to individuals and communities with the greatest need.

Analysis of Costs. This regulatory action will generate administrative costs relative to a pre-statutory baseline. This includes, chiefly, costs required to administer Fiscal Recovery Funds, oversee subrecipients and beneficiaries, and file periodic reports with Treasury. It also requires States to allocate Fiscal Recovery Funds to nonentitlement units, which are smaller units of local government that are statutorily required to receive their funds through States.

Treasury expects that the administrative burden associated with this program will be moderate for a grant program of its size. Treasury expects that most recipients receive direct or indirect funding from Federal Government programs and that many have familiarity with how to administer and report on Federal funds or grant funding provided by other entities. In particular, States, territories, and large localities will have received funds from the CRF and Treasury expects them to rely heavily on established processes developed last year or through prior grant funding, mitigating burden on these governments.

Treasury expects to provide technical assistance to defray the costs of administration of Fiscal Recovery Funds to further mitigate burden. In making implementation choices, Treasury has hosted numerous consultations with a diverse range of direct recipients—States, small cities, counties, and Tribal governments—along with various communities across the United States, including those that are underserved. Treasury lacks data to estimate the precise extent to which this interim final rule generates administrative burden for State, local, and Tribal governments, but seeks comment to better estimate and account for these costs, as well as on ways to lessen administrative burdens.

Executive Order 13132

Executive Order 13132 (entitled Federalism) prohibits an agency from publishing any rule that has federalism implications if the rule either imposes substantial, direct compliance costs on State, local, and Tribal governments, and is not required by statute, or preempts state law, unless the agency meets the consultation and funding requirements of section 6 of the Executive order. This interim final rule does not have federalism implications within the meaning of the Executive order and does not impose substantial, direct compliance costs on State, local, and Tribal governments or preempt state law within the meaning of the Executive order. The compliance costs are imposed on State, local, and Tribal governments by sections 602 and 603 of the Social Security Act, as enacted by the ARPA. Notwithstanding the above, Treasury has engaged in efforts to consult and work cooperatively with affected State, local, and Tribal government officials and associations in the process of developing the interim final rule. Pursuant to the requirements set forth in section 8(a) of Executive Order 13132, Treasury certifies that it has complied with the requirements of Executive Order 13132.

Administrative Procedure Act

The Administrative Procedure Act (APA), 5 U.S.C. 551 *et seq.*, generally requires public notice and an opportunity for comment before a rule

[185] Executive Order on Advancing Racial Equity and Support for Underserved Communities through the Federal Government (Jan. 20, 2021) (86 FR 7009, January 25, 2021), *https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/20/executive-order-advancing-racial-equity-and-support-for-underserved-communities-through-the-federal-government/* (last visited May 9, 2021).

[186] David Cooper, Mary Gable & Algernon Austin, Economic Policy Institute Briefing Paper, The Public-Sector Jobs Crisis: Women and African Americans hit hardest by job losses in state and local governments, *https://www.epi.org/publication/bp339-public-sector-jobs-crisis* (last visited May 9, 2021).

becomes effective. However, the APA provides that the requirements of 5 U.S.C. 553 do not apply "to the extent that there is involved . . . a matter relating to agency . . . grants." The interim final rule implements statutory conditions on the eligible uses of the Fiscal Recovery Funds grants, and addresses the payment of those funds, the reporting on uses of funds, and potential consequences of ineligible uses. The rule is thus "both clearly and directly related to a federal grant program." *National Wildlife Federation* v. *Snow,* 561 F.2d 227, 232 (D.C. Cir. 1976). The rule sets forth the "process necessary to maintain state . . . eligibility for federal funds," *id.,* as well as the "method[s] by which states can . . . qualify for federal aid," and other "integral part[s] of the grant program," *Center for Auto Safety* v. *Tiemann,* 414 F. Supp. 215, 222 (D.D.C. 1976). As a result, the requirements of 5 U.S.C. 553 do not apply.

The APA also provides an exception to ordinary notice-and-comment procedures "when the agency for good cause finds (and incorporates the finding and a brief statement of reasons therefor in the rules issued) that notice and public procedure thereon are impracticable, unnecessary, or contrary to the public interest." 5 U.S.C. 553(b)(3)(B); *see also* 5 U.S.C. 553(d)(3) (creating an exception to the requirement of a 30-day delay before the effective date of a rule "for good cause found and published with the rule"). Assuming 5 U.S.C. 553 applied, Treasury would still have good cause under sections 553(b)(3)(B) and 553(d)(3) for not undertaking section 553's requirements. The ARPA is a law responding to a historic economic and public health emergency; it is "extraordinary" legislation about which "both Congress and the President articulated a profound sense of 'urgency.'" *Petry* v. *Block,* 737 F.2d 1193, 1200 (D.C. Cir. 1984). Indeed, several provisions implemented by this interim final rule (sections 602(c)(1)(A) and 603(c)(1)(A)) explicitly provide funds to "respond to the public health emergency," and the urgency is further exemplified by Congress's command (in sections 602(b)(6)(B) and 603(b)(7)(A)) that, "[t]o the extent practicable," funds must be provided to Tribes and cities "not later than 60 days after the date of enactment." *See Philadelphia Citizens in Action* v. *Schweiker,* 669 F.2d 877, 884 (3d Cir. 1982) (finding good cause under circumstances, including statutory time limits, where APA procedures would have been "virtually impossible"). Finally, there is an urgent need for States to undertake the planning necessary for sound fiscal policymaking, which requires an understanding of how funds provided under the ARPA will augment and interact with existing budgetary resources and tax policies. Treasury understands that many states require immediate rules on which they can rely, especially in light of the fact that the ARPA "covered period" began on March 3, 2021. The statutory urgency and practical necessity are good cause to forego the ordinary requirements of notice-and-comment rulemaking.

Congressional Review Act

The Administrator of OIRA has determined that this is a major rule for purposes of Subtitle E of the Small Business Regulatory Enforcement and Fairness Act of 1996 (also known as the Congressional Review Act or CRA) (5 U.S.C. 804(2) *et seq.*). Under the CRA, a major rule takes effect 60 days after the rule is published in the **Federal Register.** 5 U.S.C. 801(a)(3). Notwithstanding this requirement, the CRA allows agencies to dispense with the requirements of section 801 when the agency for good cause finds that such procedure would be impracticable, unnecessary, or contrary to the public interest and the rule shall take effect at such time as the agency promulgating the rule determines. 5 U.S.C. 808(2). Pursuant to section 808(2), for the reasons discussed above, Treasury for good cause finds that a 60-day delay to provide public notice is impracticable and contrary to the public interest.

Paperwork Reduction Act

The information collections associated with State, territory, local, and Tribal government applications materials necessary to receive Fiscal Recovery Funds (*e.g.,* payment information collection and acceptance of award terms) have been reviewed and approved by OMB pursuant to the Paperwork Reduction Act (44 U.S.C. chapter 35) (PRA) emergency processing procedures and assigned control number 1505–0271. The information collections related to ongoing reporting requirements, as discussed in this interim final rule, will be submitted to OMB for emergency processing in the near future. Under the PRA, an agency may not conduct or sponsor and a respondent is not required to respond to, an information collection unless it displays a valid OMB control number.

Estimates of hourly burden under this program are set forth in the table below. Burden estimates below are preliminary.

Reporting	Number of respondents (estimated)	Number of responses per respondent	Total responses	Hours per response	Total burden in hours	Cost to respondent ($48.80 per hour*)
Recipient Payment Form	5,050	1	5,050	.25 (15 minutes)	1,262.5	$61,610
Acceptance of Award Terms	5,050	1	5,050	.25 (15 minutes)	1,262.5	61,610
Title VI Assurances	5,050	1	5,050	.50 (30 minutes)	2,525	123,220
Quarterly Project and Expenditure Report.	5,050	4***	20,200	25	505,000	24,644,000
Annual Project and Expenditure Report from NEUs.	TBD	1 per year	†20,000–40,000	15	300,000–600,000	14,640,000–29,280,000
Annual Recovery Plan Performance report.	418	1 per year	418	100	41,800	2,039,840
Total	(**)	N/A	55,768–75,768	141	851,850–1,151,850	41,570,280–56,210,280

*Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Accountants and Auditors, on the internet at *https://www.bls.gov/ooh/business-and-financial/accountants-and-auditors.htm* (visited March 28, 2020). Base wage of $33.89/hour increased by 44 percent to account for fully loaded employer cost of employee compensation (benefits, etc.) for a fully loaded wage rate of $48.80.

**5,050–TBD.

***Per year after first year.

† (Estimate only).

Periodic reporting is required by section 602(c) of Section VI of the Social Security Act and under the interim final rule.

As discussed in Section VIII of this **SUPPLEMENTARY INFORMATION,** recipients of Fiscal Recovery Funds will be required to submit one interim report and thereafter quarterly Project and Expenditure reports until the end of the award period. Recipients must submit interim reports to Treasury by August

31, 2021. The quarterly Project and Expenditure reports will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of the award funds.

Nonentitlement unit recipients will be required to submit annual Project and Expenditure reports until the end of the award period. The initial annual Project and Expenditure report for Nonentitlement unit recipients must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year. States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to submit an annual Recovery Plan Performance report to Treasury. The Recovery Plan Performance report will include descriptions of the projects funded and information on the performance indicators and objectives of the award. Each annual Recovery Plan Performance report must be posted on the public-facing website of the recipient. Treasury will provide additional guidance and instructions on the all the reporting requirements outlined above for the Fiscal Recovery Funds program at a later date.

These and related periodic reporting requirements are under consideration and will be submitted to OMB for approval under the PRA emergency provisions in the near future.

Treasury invites comments on all aspects of the reporting and recordkeeping requirements including: (a) Whether the collection of information is necessary for the proper performance of the functions of the agency, including whether the information has practical utility; (b) the accuracy of the estimate of the burden of the collection of information; (c) ways to enhance the quality, utility, and clarity of the information to be collected; (d) ways to minimize the burden of the collection of information; and (e) estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. Comments should be sent by the comment deadline to the *www.regulations.gov* docket with a copy to the Office of Information and Regulatory Affairs, U.S. Office of Management and Budget, 725 17th Street NW, Washington, DC 20503; or email to *oira_submission@omb.eop.gov*.

Regulatory Flexibility Analysis

The Regulatory Flexibility Act (RFA) generally requires that when an agency issues a proposed rule, or a final rule pursuant to section 553(b) of the Administrative Procedure Act or another law, the agency must prepare a regulatory flexibility analysis that meets the requirements of the RFA and publish such analysis in the **Federal Register**. 5 U.S.C. 603, 604.

Rules that are exempt from notice and comment under the APA are also exempt from the RFA requirements, including the requirement to conduct a regulatory flexibility analysis, when among other things the agency for good cause finds that notice and public procedure are impracticable, unnecessary, or contrary to the public interest. Since this rule is exempt from the notice and comment requirements of the APA, Treasury is not required to conduct a regulatory flexibility analysis.

List of Subjects in 31 CFR Part 35

Executive compensation, Public health emergency, State and local governments, Tribal governments.

For the reasons stated in the preamble, the Department of the Treasury amends 31 CFR part 35 as follows:

PART 35—PANDEMIC RELIEF PROGRAMS

■ 1. The authority citation for part 35 is revised to read as follows:

Authority: 42 U.S.C. 802(f); 42 U.S.C. 803(f); 31 U.S.C. 321; Division N, Title V, Subtitle B, Pub. L. 116–260, 134 Stat. 1182; Section 104A, Pub. L. 103–325, 108 Stat. 2160, as amended (12 U.S.C. 4701 *et seq.*); Pub. L. 117–2, 135 Stat. 4 (42 U.S.C. 802 *et seq.*).

■ 2. Revise the part heading to read as set forth above.

■ 3. Add subpart A to read as follows:

Subpart A—Coronavirus State and Local Fiscal Recovery Funds

Sec.

35.1 Purpose.
35.2 Applicability.
35.3 Definitions.
35.4 Reservation of authority, reporting.
35.5 Use of funds.
35.6 Eligible uses.
35.7 Pensions.
35.8 Tax.
35.9 Compliance with applicable laws.
35.10 Recoupment.
35.11 Payments to States.
35.12 Distributions to nonentitlement units of local government and units of general local government.

§ 35.1 Purpose.

This subpart implements section 9901 of the American Rescue Plan Act (Subtitle M of Title IX of Pub. L. 117–2), which amends Title VI of the Social Security Act (42 U.S.C. 801 *et seq.*) by adding sections 602 and 603 to establish the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Fund.

§ 35.2 Applicability.

This subpart applies to States, territories, Tribal governments, metropolitan cities, nonentitlement units of local government, counties, and units of general local government that accept a payment or transfer of funds made under section 602 or 603 of the Social Security Act.

§ 35.3 Definitions.

As used in this subpart:

Baseline means tax revenue of the recipient for its fiscal year ending in 2019, adjusted for inflation in each reporting year using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States.

County means a county, parish, or other equivalent county division (as defined by the Census Bureau).

Covered benefits include, but are not limited to, the costs of all types of leave (vacation, family-related, sick, military, bereavement, sabbatical, jury duty), employee insurance (health, life, dental, vision), retirement (pensions, 401(k)), unemployment benefit plans (Federal and State), workers' compensation insurance, and Federal Insurance Contributions Act taxes (which includes Social Security and Medicare taxes).

Covered change means a change in law, regulation, or administrative interpretation. A change in law includes any final legislative or regulatory action, a new or changed administrative interpretation, and the phase-in or taking effect of any statute or rule if the phase-in or taking effect was not prescribed prior to the start of the covered period.

Covered period means, with respect to a State, Territory, or Tribal government, the period that:

(1) Begins on March 3, 2021; and

(2) Ends on the last day of the fiscal year of such State, Territory, or Tribal government in which all funds received by the State, Territory, or Tribal government from a payment made under section 602 or 603 of the Social Security Act have been expended or returned to, or recovered by, the Secretary.

COVID–19 means the Coronavirus Disease 2019.

COVID–19 public health emergency means the period beginning on January 27, 2020 and until the termination of the national emergency concerning the COVID–19 outbreak declared pursuant to the National Emergencies Act (50 U.S.C. 1601 *et seq.*).

Deposit means an extraordinary payment of an accrued, unfunded liability. The term deposit does not refer to routine contributions made by an employer to pension funds as part of the employer's obligations related to payroll, such as either a pension contribution consisting of a normal cost component related to current employees or a component addressing the amortization of unfunded liabilities calculated by reference to the employer's payroll costs.

Eligible employer means an employer of an eligible worker who performs essential work.

Eligible workers means workers needed to maintain continuity of operations of essential critical infrastructure sectors, including health care; emergency response; sanitation, disinfection, and cleaning work; maintenance work; grocery stores, restaurants, food production, and food delivery; pharmacy; biomedical research; behavioral health work; medical testing and diagnostics; home- and community-based health care or assistance with activities of daily living; family or child care; social services work; public health work; vital services to Tribes; any work performed by an employee of a State, local, or Tribal government; educational work, school nutrition work, and other work required to operate a school facility; laundry work; elections work; solid waste or hazardous materials management, response, and cleanup work; work requiring physical interaction with patients; dental care work; transportation and warehousing; work at hotel and commercial lodging facilities that are used for COVID–19 mitigation and containment; work in a mortuary; work in critical clinical research, development, and testing necessary for COVID–19 response.

(1) With respect to a recipient that is a metropolitan city, nonentitlement unit of local government, or county, workers in any additional sectors as each chief executive officer of such recipient may designate as critical to protect the health and well-being of the residents of their metropolitan city, nonentitlement unit of local government, or county; or

(2) With respect to a State, Territory, or Tribal government, workers in any additional sectors as each Governor of a State or Territory, or each Tribal government, may designate as critical to protect the health and well-being of the residents of their State, Territory, or Tribal government.

Essential work means work that:

(1) Is not performed while teleworking from a residence; and

(2) Involves:

(i) Regular in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or

(ii) Regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work.

Funds means, with respect to a recipient, amounts provided to the recipient pursuant to a payment made under section 602(b) or 603(b) of the Social Security Act or transferred to the recipient pursuant to section 603(c)(4) of the Social Security Act.

General revenue means money that is received from tax revenue, current charges, and miscellaneous general revenue, excluding refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and intergovernmental transfers from the Federal Government, including transfers made pursuant to section 9901 of the American Rescue Plan Act. General revenue does not include revenues from utilities. Revenue from Tribal business enterprises must be included in general revenue.

Intergovernmental transfers means money received from other governments, including grants and shared taxes.

Metropolitan city has the meaning given that term in section 102(a)(4) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(4)) and includes cities that relinquish or defer their status as a metropolitan city for purposes of receiving allocations under section 106 of such Act (42 U.S.C. 5306) for fiscal year 2021.

Net reduction in total spending is measured as the State or Territory's total spending for a given reporting year excluding its spending of funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States.

Nonentitlement unit of local government means a "city," as that term is defined in section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(5)), that is not a metropolitan city.

Nonprofit means a nonprofit organization that is exempt from Federal income taxation and that is described in section 501(c)(3) of the Internal Revenue Code.

Obligation means an order placed for property and services and entering into contracts, subawards, and similar transactions that require payment.

Pension fund means a defined benefit plan and does not include a defined contribution plan.

Premium pay means an amount of up to $13 per hour that is paid to an eligible worker, in addition to wages or remuneration the eligible worker otherwise receives, for all work performed by the eligible worker during the COVID–19 public health emergency. Such amount may not exceed $25,000 with respect to any single eligible worker. Premium pay will be considered to be in addition to wages or remuneration the eligible worker otherwise receives if, as measured on an hourly rate, the premium pay is:

(1) With regard to work that the eligible worker previously performed, pay and remuneration equal to the sum of all wages and remuneration previously received plus up to $13 per hour with no reduction, substitution, offset, or other diminishment of the eligible worker's previous, current, or prospective wages or remuneration; or

(2) With regard to work that the eligible worker continues to perform, pay of up to $13 that is in addition to the eligible worker's regular rate of wages or remuneration, with no reduction, substitution, offset, or other diminishment of the workers' current and prospective wages or remuneration.

Qualified census tract has the same meaning given in 26 U.S.C. 42(d)(5)(B)(ii)(I).

Recipient means a State, Territory, Tribal government, metropolitan city, nonentitlement unit of local government, county, or unit of general local government that receives a payment made under section 602(b) or 603(b) of the Social Security Act or transfer pursuant to section 603(c)(4) of the Social Security Act.

Reporting year means a single year or partial year within the covered period, aligned to the current fiscal year of the State or Territory during the covered period.

Secretary means the Secretary of the Treasury.

State means each of the 50 States and the District of Columbia.

Small business means a business concern or other organization that:

(1) Has no more than 500 employees, or if applicable, the size standard in number of employees established by the Administrator of the Small Business Administration for the industry in which the business concern or organization operates; and

(2) Is a small business concern as defined in section 3 of the Small Business Act (15 U.S.C. 632).

Tax revenue means revenue received from a compulsory contribution that is exacted by a government for public purposes excluding refunds and corrections and, for purposes of § 35.8, intergovernmental transfers. Tax revenue does not include payments for a special privilege granted or service rendered, employee or employer assessments and contributions to finance retirement and social insurance trust systems, or special assessments to pay for capital improvements.

Territory means the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, the Commonwealth of the Northern Mariana Islands, or American Samoa.

Tribal enterprise means a business concern:

(1) That is wholly owned by one or more Tribal governments, or by a corporation that is wholly owned by one or more Tribal governments; or

(2) That is owned in part by one or more Tribal governments, or by a corporation that is wholly owned by one or more Tribal governments, if all other owners are either United States citizens or small business concerns, as these terms are used and consistent with the definitions in 15 U.S.C. 657a(b)(2)(D).

Tribal government means the recognized governing body of any Indian or Alaska Native tribe, band, nation, pueblo, village, community, component band, or component reservation, individually identified (including parenthetically) in the list published by the Bureau of Indian Affairs on January 29, 2021, pursuant to section 104 of the Federally Recognized Indian Tribe List Act of 1994 (25 U.S.C. 5131).

Unemployment rate means the U–3 unemployment rate provided by the Bureau of Labor Statistics as part of the Local Area Unemployment Statistics program, measured as total unemployment as a percentage of the civilian labor force.

Unemployment trust fund means an unemployment trust fund established under section 904 of the Social Security Act (42 U.S.C. 1104).

Unit of general local government has the meaning given to that term in section 102(a)(1) of the Housing and Community Development Act of 1974 (42 U.S.C. 5302(a)(1)).

Unserved and underserved households or businesses means one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

§ 35.4 Reservation of authority, reporting.

(a) *Reservation of authority.* Nothing in this subpart shall limit the authority of the Secretary to take action to enforce conditions or violations of law, including actions necessary to prevent evasions of this subpart.

(b) *Extensions or accelerations of timing.* The Secretary may extend or accelerate any deadline or compliance date of this subpart, including reporting requirements that implement this subpart, if the Secretary determines that such extension or acceleration is appropriate. In determining whether an extension or acceleration is appropriate, the Secretary will consider the period of time that would be extended or accelerated and how the modified timeline would facilitate compliance with this subpart.

(c) *Reporting and requests for other information.* During the covered period, recipients shall provide to the Secretary periodic reports providing detailed accounting of the uses of funds, all modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section. In addition to regular reporting requirements, the Secretary may request other additional information as may be necessary or appropriate, including as may be necessary to prevent evasions of the requirements of this subpart. False statements or claims made to the Secretary may result in criminal, civil, or administrative sanctions, including fines, imprisonment, civil damages and penalties, debarment from participating in Federal awards or contracts, and/or any other remedy available by law.

§ 35.5 Use of funds.

(a) *In general.* A recipient may only use funds to cover costs incurred during the period beginning March 3, 2021, and ending December 31, 2024, for one or more of the purposes enumerated in sections 602(c)(1) and 603(c)(1) of the Social Security Act, as applicable, including those enumerated in section § 35.6, subject to the restrictions set forth in sections 602(c)(2) and 603(c)(2) of the Social Security Act, as applicable.

(b) *Costs incurred.* A cost shall be considered to have been incurred for purposes of paragraph (a) of this section if the recipient has incurred an obligation with respect to such cost by December 31, 2024.

(c) *Return of funds.* A recipient must return any funds not obligated by December 31, 2024, and any funds not expended to cover such obligations by December 31, 2026.

§ 35.6 Eligible uses.

(a) *In general.* Subject to §§ 35.7 and 35.8, a recipient may use funds for one or more of the purposes described in paragraphs (b) through (e) of this section

(b) *Responding to the public health emergency or its negative economic impacts.* A recipient may use funds to respond to the public health emergency or its negative economic impacts, including for one or more of the following purposes:

(1) *COVID–19 response and prevention.* Expenditures for the mitigation and prevention of COVID–19, including:

(i) Expenses related to COVID–19 vaccination programs and sites, including staffing, acquisition of equipment or supplies, facilities costs, and information technology or other administrative expenses;

(ii) COVID–19-related expenses of public hospitals, clinics, and similar facilities;

(iii) COVID–19 related expenses in congregate living facilities, including skilled nursing facilities, long-term care facilities, incarceration settings, homeless shelters, residential foster care facilities, residential behavioral health treatment, and other group living facilities;

(iv) Expenses of establishing temporary public medical facilities and other measures to increase COVID–19 treatment capacity, including related construction costs and other capital investments in public facilities to meet COVID–19-related operational needs;

(v) Expenses of establishing temporary public medical facilities and other measures to increase COVID–19 treatment capacity, including related construction costs and other capital investments in public facilities to meet COVID–19-related operational needs;

(vi) Costs of providing COVID–19 testing and monitoring, contact tracing, and monitoring of case trends and genomic sequencing for variants;

(vii) Emergency medical response expenses, including emergency medical transportation, related to COVID–19;

(viii) Expenses for establishing and operating public telemedicine capabilities for COVID–19-related treatment;

(ix) Expenses for communication related to COVID–19 vaccination programs and communication or enforcement by recipients of public health orders related to COVID–19;

(x) Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment;

(xi) Expenses for disinfection of public areas and other facilities in

response to the COVID–19 public health emergency;

(xii) Expenses for technical assistance to local authorities or other entities on mitigation of COVID–19-related threats to public health and safety;

(xiii) Expenses for quarantining or isolation of individuals;

(xiv) Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID–19 public health precautions;

(xv) Expenses for treatment of the long-term symptoms or effects of COVID–19, including post-intensive care syndrome;

(xvi) Expenses for the improvement of ventilation systems in congregate settings, public health facilities, or other public facilities;

(xvii) Expenses related to establishing or enhancing public health data systems; and

(xviii) Mental health treatment, substance misuse treatment, and other behavioral health services.

(2) *Public health and safety staff.* Payroll and covered benefit expenses for public safety, public health, health care, human services, and similar employees to the extent that the employee's time is spent mitigating or responding to the COVID–19 public health emergency.

(3) *Hiring State and local government staff.* Payroll, covered benefit, and other costs associated with the recipient increasing the number of its employees up to the number of employees that it employed on January 27, 2020.

(4) *Assistance to unemployed workers.* Assistance, including job training, for individuals who want and are available for work, including those who have looked for work sometime in the past 12 months or who are employed part time but who want and are available for full-time work.

(5) *Contributions to State unemployment insurance trust funds.* Contributions to an unemployment trust fund up to the level required to restore the unemployment trust fund to its balance on January 27, 2020 or to pay back advances received under Title XII of the Social Security Act (42 U.S.C. 1321) for the payment of benefits between January 27, 2020 and May 17, 2021.

(6) *Small businesses.* Assistance to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, that responds to the negative economic impacts of the COVID–19 public health emergency.

(7) *Nonprofits.* Assistance to nonprofit organizations, including loans, grants, in-kind assistance, technical assistance or other services, that responds to the negative economic impacts of the COVID–19 public health emergency.

(8) *Assistance to households.* Assistance programs, including cash assistance programs, that respond to the COVID–19 public health emergency.

(9) *Aid to impacted industries.* Aid to tourism, travel, hospitality, and other impacted industries that responds to the negative economic impacts of the COVID–19 public health emergency.

(10) *Expenses to improve efficacy of public health or economic relief programs.* Administrative costs associated with the recipient's COVID–19 public health emergency assistance programs, including services responding to the COVID–19 public health emergency or its negative economic impacts, that are not federally funded.

(11) *Survivor's benefits.* Benefits for the surviving family members of individuals who have died from COVID–19, including cash assistance to widows, widowers, or dependents of individuals who died of COVID–19.

(12) *Disproportionately impacted populations and communities.* A program, service, or other assistance that is provided in a qualified census tract, that is provided to households and populations living in a qualified census tract, that is provided by a Tribal government, or that is provided to other households, businesses, or populations disproportionately impacted by the COVID–19 public health emergency, such as:

(i) Programs or services that facilitate access to health and social services, including:

(A) Assistance accessing or applying for public benefits or services;

(B) Remediation of lead paint or other lead hazards; and

(C) Community violence intervention programs;

(ii) Programs or services that address housing insecurity, lack of affordable housing, or homelessness, including:

(A) Supportive housing or other programs or services to improve access to stable, affordable housing among individuals who are homeless;

(B) Development of affordable housing to increase supply of affordable and high-quality living units; and

(C) Housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity and to reduce concentrated areas of low economic opportunity;

(iii) Programs or services that address or mitigate the impacts of the COVID–19 public health emergency on education, including:

(A) New or expanded early learning services;

(B) Assistance to high-poverty school districts to advance equitable funding across districts and geographies; and

(C) Educational and evidence-based services to address the academic, social, emotional, and mental health needs of students; and

(iv) Programs or services that address or mitigate the impacts of the COVID–19 public health emergency on childhood health or welfare, including:

(A) New or expanded childcare;

(B) Programs to provide home visits by health professionals, parent educators, and social service professionals to individuals with young children to provide education and assistance for economic support, health needs, or child development; and

(C) Services for child welfare-involved families and foster youth to provide support and education on child development, positive parenting, coping skills, or recovery for mental health and substance use.

(c) *Providing premium pay to eligible workers.* A recipient may use funds to provide premium pay to eligible workers of the recipient who perform essential work or to provide grants to eligible employers, provided that any premium pay or grants provided under this paragraph (c) must respond to eligible workers performing essential work during the COVID–19 public health emergency. A recipient uses premium pay or grants provided under this paragraph (c) to respond to eligible workers performing essential work during the COVID–19 public health emergency if it prioritizes low- and moderate-income persons. The recipient must provide, whether for themselves or on behalf of a grantee, a written justification to the Secretary of how the premium pay or grant provided under this paragraph (c) responds to eligible workers performing essential work if the premium pay or grant would increase an eligible worker's total wages and remuneration above 150 percent of such eligible worker's residing State's average annual wage for all occupations or their residing county's average annual wage, whichever is higher.

(d) *Providing government services.* For the provision of government services to the extent of a reduction in the recipient's general revenue, calculated according to paragraphs (d)(1) and (2) of this section.

(1) *Frequency.* A recipient must calculate the reduction in its general revenue using information as-of December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023 (each, a calculation date) and following each calculation date.

(2) *Calculation.* A reduction in a recipient's general revenue equals:

$$Max\ \{[Base\ Year\ Revenue * (1 + Growth\ Adjustment)^{\left(\frac{n_t}{12}\right)}] - Actual\ General\ Revenue_t; 0\}$$

Where:

Base Year Revenue is the recipient's general revenue for the most recent full fiscal year prior to the COVD–19 public health emergency;

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID–19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient's actual general revenue collected during 12-month period ending on each calculation date;

Subscript *t* denotes the specific calculation date.

(e) *To make necessary investments in infrastructure.* A recipient may use funds to make investments in:

(1) *Clean Water State Revolving Fund and Drinking Water State Revolving Fund investments.* Projects or activities of the type that would be eligible under section 603(c) of the Federal Water Pollution Control Act (33 U.S.C. 1383(c)) or section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j–12); or,

(2) *Broadband.* Broadband infrastructure that is designed to provide service to unserved or underserved households and businesses and that is designed to, upon completion:

(i) Reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds; or

(ii) In cases where it is not practicable, because of the excessive cost of the project or geography or topography of the area to be served by the project, to provide service meeting the standards set forth in paragraph (e)(2)(i) of this section:

(A) Reliably meet or exceed 100 Mbps download speed and between at least 20 Mbps and 100 Mbps upload speed; and

(B) Be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

§ 35.7 Pensions.

A recipient may not use funds for deposit into any pension fund.

§ 35.8 Tax.

(a) *Restriction.* A State or Territory shall not use funds to either directly or indirectly offset a reduction in the net tax revenue of the State or Territory resulting from a covered change during the covered period.

(b) *Violation.* Treasury will consider a State or Territory to have used funds to offset a reduction in net tax revenue if, during a reporting year:

(1) *Covered change.* The State or Territory has made a covered change that, either based on a reasonable statistical methodology to isolate the impact of the covered change in actual revenue or based on projections that use reasonable assumptions and do not incorporate the effects of macroeconomic growth to reduce or increase the projected impact of the covered change, the State or Territory assesses has had or predicts to have the effect of reducing tax revenue relative to current law;

(2) *Exceeds the de minimis threshold.* The aggregate amount of the measured or predicted reductions in tax revenue caused by covered changes identified under paragraph (b)(1) of this section, in the aggregate, exceeds 1 percent of the State's or Territory's baseline;

(3) *Reduction in net tax revenue.* The State or Territory reports a reduction in net tax revenue, measured as the difference between actual tax revenue and the State's or Territory's baseline, each measured as of the end of the reporting year; and

(4) *Consideration of other changes.* The aggregate amount of measured or predicted reductions in tax revenue caused by covered changes is greater than the sum of the following, in each case, as calculated for the reporting year:

(i) The aggregate amount of the expected increases in tax revenue caused by one or more covered changes that, either based on a reasonable statistical methodology to isolate the impact of the covered change in actual revenue or based on projections that use reasonable assumptions and do not incorporate the effects of macroeconomic growth to reduce or increase the projected impact of the covered change, the State or Territory assesses has had or predicts to have the effect of increasing tax revenue; and

(ii) Reductions in spending, up to the amount of the State's or Territory's net reduction in total spending, that are in:

(A) Departments, agencies, or authorities in which the State or Territory is not using funds; and

(B) Departments, agencies, or authorities in which the State or Territory is using funds, in an amount equal to the value of the spending cuts in those departments, agencies, or authorities, minus funds used.

(c) *Amount and revenue reduction cap.* If a State or Territory is considered to be in violation pursuant to paragraph (b) of this section, the amount used in violation of paragraph (a) of this section is equal to the lesser of:

(1) The reduction in net tax revenue of the State or Territory for the reporting year, measured as the difference between the State's or Territory's baseline and its actual tax revenue, each measured as of the end of the reporting year; and,

(2) The aggregate amount of the reductions in tax revenues caused by covered changes identified in paragraph (b)(1) of this section, minus the sum of the amounts in identified in paragraphs (b)(4)(i) and (ii).

§ 35.9 Compliance with applicable laws.

A recipient must comply with all other applicable Federal statutes, regulations, and Executive orders, and a recipient shall provide for compliance with the American Rescue Plan Act, this subpart, and any interpretive guidance by other parties in any agreements it enters into with other parties relating to these funds.

§ 35.10 Recoupment.

(a) *Identification of violations*—(1) *In general.* Any amount used in violation of § 35.5, § 35.6, or § 35.7 may be identified at any time prior to December 31, 2026.

(2) *Annual reporting of amounts of violations.* On an annual basis, a recipient that is a State or Territory must calculate and report any amounts used in violation of § 35.8.

(b) *Calculation of amounts subject to recoupment*—(1) *In general.* Except as provided in paragraph (b)(2) of this section, Treasury will calculate any amounts subject to recoupment resulting from a violation of § 35.5, § 35.6, or § 35.7 as the amounts used in violation of such restrictions.

(2) *Violations of § 35.8.* Treasury will calculate any amounts subject to recoupment resulting from a violation of § 35.8, equal to the lesser of:

(i) The amount set forth in § 35.8(c); and,

(ii) The amount of funds received by such recipient.

(c) *Notice.* If Treasury calculates an amount subject to recoupment under paragraph (b) of this section, Treasury will provide the recipient a written notice of the amount subject to recoupment along with an explanation of such amounts.

(d) *Request for reconsideration.* Unless Treasury extends the time period, within 60 calendar days of receipt of a notice of recoupment provided under paragraph (c) of this section, a recipient may submit a written request to Treasury requesting reconsideration of any amounts subject to recoupment under paragraph (b) of this section. To request reconsideration of any amounts subject to recoupment, a recipient must submit to Treasury a written request that includes:

(1) An explanation of why the recipient believes all or some of the amount should not be subject to recoupment; and

(2) A discussion of supporting reasons, along with any additional information.

(e) *Final amount subject to recoupment.* Unless Treasury extends the time period, within 60 calendar days of receipt of the recipient's request for reconsideration provided pursuant to paragraph (d) of this section, the recipient will be notified of the Secretary's decision to affirm, withdraw, or modify the notice of recoupment. Such notification will include an explanation of the decision, including responses to the recipient's supporting reasons and consideration of additional information provided.

(f) *Repayment of funds.* Unless Treasury extends the time period, a recipient shall repay to the Secretary any amounts subject to recoupment in accordance with instructions provided by Treasury:

(1) Within 120 calendar days of receipt of the notice of recoupment provided under paragraph (c) of this section, in the case of a recipient that does not submit a request for reconsideration in accordance with the requirements of paragraph (d) of this section; or

(2) Within 120 calendar days of receipt of the Secretary's decision under paragraph (e) of this section, in the case of a recipient that submits a request for reconsideration in accordance with the requirements of paragraph (d) of this section.

§ 35.11 Payments to States.

(a) *In general.* With respect to any State or Territory that has an unemployment rate as of the date that it submits an initial certification for payment of funds pursuant to section 602(d)(1) of the Social Security Act that is less than two percentage points above its unemployment rate in February 2020, the Secretary will withhold 50 percent of the amount of funds allocated under section 602(b) of the Social Security Act to such State or territory until the date that is twelve months from the date such initial certification is provided to the Secretary.

(b) *Payment of withheld amount.* In order to receive the amount withheld under paragraph (a) of this section, the State or Territory must submit to the Secretary at least 30 days prior to the date referenced in paragraph (a) the following information:

(1) A certification, in the form provided by the Secretary, that such State or Territory requires the payment to carry out the activities specified in section 602(c) of the Social Security Act and will use the payment in compliance with section 602(c) of the Social Security Act; and,

(2) Any reports required to be filed by that date pursuant to this subpart that have not yet been filed.

§ 35.12 Distributions to nonentitlement units of local government and units of general local government.

(a) *Nonentitlement units of local government.* Each State or Territory that receives a payment from Treasury pursuant to section 603(b)(2)(B) of the Social Security Act shall distribute the amount of the payment to nonentitlement units of government in such State or Territory in accordance with the requirements set forth in section 603(b)(2)(C) of the Social Security Act and without offsetting any debt owed by such nonentitlement units of local governments against such payments.

(b) *Budget cap.* A State or Territory may not make a payment to a nonentitlement unit of local government pursuant to section 603(b)(2)(C) of the Social Security Act and paragraph (a) of this section in excess of the amount equal to 75 percent of the most recent budget for the nonentitlement unit of local government as of January 27, 2020. A State or Territory shall permit a nonentitlement unit of local government without a formal budget as of January 27, 2020, to provide a certification from an authorized officer of the nonentitlement unit of local government of its most recent annual expenditures as of January 27, 2020, and a State or Territory may rely on such certification for purposes of complying with this paragraph (b).

(c) *Units of general local government.* Each State or Territory that receives a payment from Treasury pursuant to section 603(b)(3)(B)(ii) of the Social Security Act, in the case of an amount to be paid to a county that is not a unit of general local government, shall distribute the amount of the payment to units of general local government within such county in accordance with the requirements set forth in section 603(b)(3)(B)(ii) of the Social Security Act and without offsetting any debt owed by such units of general local government against such payments.

(d) *Additional conditions.* A State or Territory may not place additional conditions or requirements on distributions to nonentitlement units of local government or units of general local government beyond those required by section 603 of the Social Security Act or this subpart.

Laurie Schaffer,

Acting General Counsel.

[FR Doc. 2021–10283 Filed 5–13–21; 11:15 am]

BILLING CODE 4810–AK–P

ATTACHMENT C

U.S. DEPARTMENT OF TREASURY
COMPLIANCE AND REPORTING GUIDANCE FOR CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS
DATED 6-17-2021

Compliance and Reporting Guidance

State and Local Fiscal Recovery Funds



June 24, 2021

Version: 1.1

Coronavirus State and Local Fiscal Recovery Funds Guidance on Recipient Compliance and Reporting Responsibilities

On March 11, 2021, the American Rescue Plan Act was signed into law, and established the Coronavirus State Fiscal Recovery Fund and Coronavirus Local Fiscal Recovery Funds, which together make up the Coronavirus State and Local Fiscal Recovery Funds ("SLFRF") program. This program is intended to provide support to State, territorial, local, and Tribal governments in responding to the economic and public health impacts of COVID-19 and in their efforts to contain impacts on their communities, residents, and businesses.

This guidance provides additional detail and clarification for each recipient's compliance and reporting responsibilities under the SLFRF program, and should be read in concert with the Award Terms and Conditions, the authorizing statute, the SLFRF implementing regulation, and other regulatory and statutory requirements, including regulatory requirements under the Uniform Guidance (2 CRF Part 200). Please see the Assistance Listing in SAM.gov under assistance listing number (formerly known as CFDA number), 21.027 for more information.

Please Note: This guidance document applies to the SLFRF program only and does not change nor impact reporting and compliance requirements for the Coronavirus Relief Fund ("CRF") established by the CARES Act.

This guidance includes two parts:

Part 1: General Guidance

This section provides an orientation to recipients' compliance responsibilities and the U.S. Department of the Treasury's ("Treasury") expectations and recommends best practices where appropriate under the SLFRF Program.

A. Key Principles..... P. 3
B. Statutory Eligible Uses..... P. 3
C. Treasury's Rulemaking..... P. 4
D. Uniform Guidance (2 CFR Part 200)..... P. 6
E. Award Terms and Conditions..... P. 10

Part 2: Reporting Requirements

This section provides information on the reporting requirements for the SLFRF program.

A. Interim Report..... P. 13
B. Project and Expenditure Report..... P. 15
C. Recovery Plan Performance Report..... P. 23

Appendix 1: Expenditure Categories..... P. 31
Appendix 2: Evidenced-Based Intervention Additional Information..... P. 33

Part 1: General Guidance

This section provides an orientation on recipients' compliance responsibilities and Treasury's expectations and recommended best practices where appropriate under the SLFRF program.

Recipients under the SLFRF program are the eligible entities identified in sections 602 and 603 of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021 (the "SLFRF statute") that receive a SLFRF award. Subrecipients under the SLFRF program are entities that receive a subaward from a recipient to carry out the purposes (program or project) of the SLFRF award on behalf of the recipient.

Recipients are accountable to Treasury for oversight of their subrecipients, including ensuring their subrecipients comply with the SLFRF statute, SLFRF Award Terms and Conditions, Treasury's Interim Final Rule, and reporting requirements, as applicable.

A. Key Principles

There are several guiding principles for developing your own effective compliance regimes:

- Recipients and subrecipients are the first line of defense, and responsible for ensuring the SLFRF award funds are not used for ineligible purposes, and there is no fraud, waste, and abuse associated with their SLFRF award;
- Many SLFRF-funded projects respond to the COVID-19 public health emergency and meet urgent community needs. Swift and effective implementation is vital, and recipients must balance facilitating simple and rapid program access widely across the community and maintaining a robust documentation and compliance regime;
- SLFRF-funded projects should advance shared interests and promote equitable delivery of government benefits and opportunities to underserved communities, as outlined in Executive Order 13985, On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government; and
- Transparency and public accountability for SLFRF award funds and use of such funds are critical to upholding program integrity and trust in all levels of government, and SLFRF award funds should be managed consistent with Administration guidance per Memorandum M-21-20 and Memorandum M-20-21.

B. Statutory Eligible Uses

As a recipient of an SLFRF award, your organization has substantial discretion to use the award funds in the ways that best suit the needs of your constituents – as long as such use fits into one of the following four statutory categories:

1. To respond to the COVID-19 public health emergency or its negative economic impacts;
2. To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to such eligible workers of the recipient, or by providing grants to eligible employers that have eligible workers who performed essential work;
3. For the provision of government services, to the extent of the reduction in revenue of such recipient due to the COVID–19 public health emergency, relative to revenues collected in the most recent full fiscal year of the recipient prior to the emergency; and
4. To make necessary investments in water, sewer, or broadband infrastructure.

Treasury adopted an Interim Final Rule to implement these eligible use categories and other restrictions on the use of funds under the SLFRF program.[1] It is the recipient's responsibility to ensure all SLFRF award funds are used in compliance with these requirements. In addition, recipients should be mindful of any additional compliance obligations that may apply – for example, additional restrictions imposed upon other sources of funds used in conjunction with SLFRF award funds, or statutes and regulations that may independently apply to water, broadband, and sewer infrastructure projects. Recipients should ensure they maintain proper documentation supporting determinations of costs and applicable compliance requirements, and how they have been satisfied as part of their award management, internal controls, and subrecipient oversight and management.

C. Treasury's Rule

Treasury's Interim Final Rule details recipients' compliance responsibilities and provides additional information on eligible and restricted uses of SLFRF award funds and reporting requirements. Your organization should review and comply with the information contained in Treasury's Interim Final Rule, and any subsequent final rule when building appropriate controls for SLFRF award funds.

1. **Eligible and Restricted Uses of SLFRF Funds.** As described in the SLFRF statute and summarized above, there are four enumerated eligible uses of SLFRF award funds. As a recipient of an award under the SLFRF program, your organization is responsible for complying with requirements for the use of funds. In addition to determining a given project's eligibility, recipients are also responsible for determining subrecipient's or beneficiaries' eligibility and must monitor use of SLFRF award funds.

   To help recipients build a greater understanding of eligible uses, Treasury's Interim Final Rule establishes a framework for determining whether a specific project would be eligible under the SLFRF program, including some helpful definitions. For example, Treasury's Interim Final Rule establishes:

   - A framework for determining whether a project "responds to" a "negative economic impact" caused by the COVID-19 public health emergency;
   - Definitions of "eligible employers", "essential work," "eligible workers", and "premium pay" for cases where premium pay is an eligible use;
   - A definition of "general revenue" and a formula for calculating revenue lost due to the COVID-19 public health emergency;
   - A framework for eligible water and sewer infrastructure projects that aligns eligible uses with projects that are eligible under the Environmental Protection Agency's Drinking Water and Clean Water State Revolving Funds; and
   - A framework for eligible broadband projects designed to provide service to unserved or underserved households, or businesses at speeds sufficient to enable users to generally meet household needs, including the ability to support the simultaneous use of work, education, and health applications, and also sufficiently robust to meet increasing household demands for bandwidth.

   Treasury's Interim Final Rule also provides more information on four important restrictions on use of SLFRF award funds: recipients may not deposit SLFRF funds into a pension fund; recipients that are States or territories may not use SLFRF funds to offset a reduction in net tax revenue caused by the recipient's change in law, regulation, or administrative

[1] Treasury's Interim Final Rule is effective as of May 17, 2021, and public comments are due July 16, 2021. This guidance may be clarified consistent with the final rule. https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf

interpretation; and, recipients may not use SLFRF funds as non-Federal match where prohibited. In addition, the Interim Final Rule clarifies certain uses of SLFRF funds outside the scope of eligible uses, including that recipients generally may not use SLFRF funds directly to service debt, satisfy a judgment or settlement, or contribute to a "rainy day" fund. Recipients should refer to Treasury's Interim Final Rule for more information on these restrictions.

2. **Eligible Costs Timeframe.** Your organization, as a recipient of an SLFRF award, may use SLFRF funds to cover eligible costs that your organization incurred during the period that begins on March 3, 2021 and ends on December 31, 2024, as long as the award funds for the obligations incurred by December 31, 2024 are expended by December 31, 2026. Costs for projects incurred by the recipient State, territorial, local, or Tribal government prior to March 3, 2021 are not eligible, as provided for in Treasury's Interim Final Rule.

   Recipients may use SLFRF award funds to provide assistance to households, businesses, and individuals within the eligible use categories described in Treasury's Interim Final Rule for costs that those households, businesses and individuals incurred prior to March 3, 2021. For example,

   a. Public Health/Negative Economic Impacts: Recipients may use SLFRF award funds to provide assistance to households – such as rent, mortgage, or utility assistance – for costs incurred by the household prior to March 3, 2021, provided that the recipient State, territorial, local or Tribal government did not incur the cost of providing such assistance prior to March 3, 2021.
   b. Premium Pay: Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be "in addition to" wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.
   c. Revenue Loss: Treasury's Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. While calculation of lost revenue begins with the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
   d. Investments in Water, Sewer, and Broadband: Recipients may use SLFRF award funds to make necessary investments in water, sewer, and broadband. Recipients may use SLFRF award funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the SLFRF award funds were incurred after March 3, 2021.

   Any funds not obligated or expended for eligible uses by the timelines above must be returned to Treasury, including any unobligated or unexpended funds that have been provided to subrecipients and contractors. For the purposes of determining expenditure eligibility, Treasury's Interim Final Rule provides that "incurred" has the same meaning given to "financial obligation" in 2 CFR § 200.1.

3. **Reporting.** Generally, recipients must submit one initial interim report, quarterly or annual Project and Expenditure reports which include subaward reporting, and in some cases annual Recovery Plan reports. Treasury's Interim Final Rule and Part 2 of this guidance provide more detail around SLFRF reporting requirements.

Assistance Listing

The Assistance Listing for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) was published May 28, 2021 on SAM.gov under Assistance Listing Number ("ALN"), formerly known as CFDA Number, **21.027**.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The ALN is the unique 5-digit number assigned to identify a federal assistance listing, and can be used to search for federal assistance program information, including funding opportunities, spending on USASpending.gov, or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines Treasury issued initial payments under an existing ALN, 21.019, assigned to the CRF. If you have already received funds or captured the initial number in your records, please update your systems and reporting to reflect the new ALN 21.027 for the SLFRF program. **Recipients must use ALN 21.027 for all financial accounting, subawards, and associated program reporting requirements for the SLFRF awards.**

D. Uniform Administrative Requirements

The SLFRF awards are generally subject to the requirements set forth in the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 2 CFR Part 200 (the "Uniform Guidance"). In all instances, your organization should review the Uniform Guidance requirements applicable to your organization's use of SLFRF funds, and SLFRF-funded projects. Recipients should consider how and whether certain aspects of the Uniform Guidance apply.

The following sections provide a general summary of your organization's compliance responsibilities under applicable statutes and regulations, including the Uniform Guidance, as described in the 2020 OMB Compliance Supplement Part 3. Compliance Requirements (issued August 18, 2020). Note that the descriptions below are only general summaries and all recipients and subrecipients are advised to carefully review the Uniform Guidance requirements and any additional regulatory and statutory requirements applicable to the program.

1. **Allowable Activities.** Each recipient should review program requirements, including Treasury's Interim Final Rule and the recipient's Award Terms and Conditions, to determine and record eligible uses of SLFRF funds. Per 2 CFR 200.303, your organization must develop and implement effective internal controls to ensure that funding decisions under the SLFRF award constitute eligible uses of funds, and document determinations.

2. **Allowable Costs/Cost Principles.** As outlined in the Uniform Guidance at 2 CFR Part 200, Subpart E regarding Cost Principles, allowable costs are based on the premise that a recipient is responsible for the effective administration of Federal awards, application of sound management practices, and administration of Federal funds in a manner consistent with the program objectives and terms and conditions of the award. Recipients must implement robust internal controls and effective monitoring to ensure compliance with the Cost Principles, which are important for building trust and accountability.

SLFRF Funds may be, but are not required to be, used along with other funding sources for a given project. Note that SLFRF Funds may not be used for a non-Federal cost share or match where prohibited by other Federal programs, e.g., funds may not be used for the State share for Medicaid.[2]

Treasury's Interim Final Rule and guidance and the Uniform Guidance outline the types of costs that are allowable, including certain audit costs. For example, per 2 CFR 200.425, a reasonably proportionate share of the costs of audits required by the Single Audit Act Amendments of 1996 are allowable; however, costs for audits that were not performed, or not in accordance with 2 CFR Part 200, Subpart F are not allowable. Please see 2 CFR Part 200, Subpart E regarding the Cost Principles for more information.

a. Administrative costs: Recipients may use funds for administering the SLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.[3] Further, costs must be reasonable and allocable as outlined in 2 CFR 200.404 and 2 CFR 200.405. Pursuant to the SLFRF Award Terms and Conditions, recipients are permitted to charge both direct and indirect costs to their SLFRF award as administrative costs. Direct costs are those that are identified specifically as costs of implementing the SLFRF program objectives, such as contract support, materials, and supplies for a project. Indirect costs are general overhead costs of an organization where a portion of such costs are allocable to the SLFRF award such as the cost of facilities or administrative functions like a director's office.[4][5] Each category of cost should be treated consistently in like circumstances as direct or indirect, and recipients may not charge the same administrative costs to both direct and indirect cost categories, or to other programs. If a recipient has a current Negotiated Indirect Costs Rate Agreement (NICRA) established with a Federal cognizant agency responsible for reviewing, negotiating, and approving cost allocation plans or indirect cost proposals, then the recipient may use its current NICRA. Alternatively, if the recipient does not have a NICRA, the recipient may elect to use the de minimis rate of 10 percent of the modified total direct costs pursuant to 2 CFR 200.414(f).

b. Salaries and Expenses: In general, certain employees' wages, salaries, and covered benefits are an eligible use of SLFRF award funds. Please see Treasury's Interim Final Rule for details.

3. **Cash Management.** SLFRF payments made to recipients are not subject to the requirements of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 or 2 CFR 200.305(b)(8)-(9).

   As such, recipients can place funds in interest-bearing accounts, do not need to remit interest to Treasury, and are not limited to using that interest for eligible uses under the SLFRF award.

4. **Eligibility.** Under this program, recipients are responsible for ensuring funds are used for eligible purposes. Generally, recipients must develop and implement policies and procedures, and record retention, to determine and monitor implementation of criteria for

[2] See 42 CFR 433.51 and 45 CFR 75.306.
[3] Recipients also may use SLFRF funds directly for administrative costs to improve efficacy of programs that respond to the COVID-19 public health emergency. 31 CFR 35.6(b)(10).
[4] 2 CFR 200.413 Direct Costs.
[5] 2 CFR 200.414 Indirect Costs.

determining the eligibility of beneficiaries and/or subrecipients. Your organization, and if applicable, the subrecipient(s) administering a program on behalf of your organization, will need to maintain procedures for obtaining information evidencing a given beneficiary, subrecipient, or contractor's eligibility including a valid SAM.gov registration. Implementing risk-based due diligence for eligibility determinations is a best practice to augment your organization's existing controls.

5. **Equipment and Real Property Management.** Any purchase of equipment or real property with SLFRF funds must be consistent with the Uniform Guidance at 2 CFR Part 200, Subpart D. Equipment and real property acquired under this program must be used for the originally authorized purpose. Consistent with 2 CFR 200.311 and 2 CFR 200.313, any equipment or real property acquired using SLFRF funds shall vest in the non-Federal entity. Any acquisition and maintenance of equipment or real property must also be in compliance with relevant laws and regulations.

6. **Matching, Level of Effort, Earmarking.** There are no matching, level of effort, or earmarking compliance responsibilities associated with the SLFRF award. SLFRF funds may only be used for non-Federal match in other programs where costs are eligible under both SLFRF and the other program and use of such funds is not prohibited by the other program.

7. **Period of Performance.** Your organization should also develop and implement internal controls related to activities occurring outside the period of performance. For example, each recipient should articulate each project's policy on allowability of costs incurred prior to award or start of the period of performance. All funds remain subject to statutory requirements that they must be used for costs incurred by the recipient during the period that begins on March 3, 2021, and ends on December 31, 2024, and that award funds for the financial obligations incurred by December 31, 2024 must be expended by December 31, 2026. Any funds not used must be returned to Treasury.

8. **Procurement, Suspension & Debarment.** Recipients are responsible for ensuring that any procurement using SLFRF funds, or payments under procurement contracts using such funds are consistent with the procurement standards set forth in the Uniform Guidance at 2 CFR 200.317 through 2 CFR 200.327, as applicable. The Uniform Guidance establishes in 2 CFR 200.319 that all procurement transactions for property or services must be conducted in a manner providing full and open competition, consistent with standards outlined in 2 CFR 200.320, which allows for non-competitive procurements only in circumstances where at least one of the conditions below is true: the item is below the micro-purchase threshold; the item is only available from a single source; the public exigency or emergency will not permit a delay from publicizing a competitive solicitation; or after solicitation of a number of sources, competition is determined inadequate.[6] Recipients must have and use documented procurement procedures that are consistent with the standards outlined in 2 CFR 200.317 through 2 CFR 200.320. The Uniform Guidance requires an infrastructure for competitive bidding and contractor oversight, including maintaining written standards of conduct and prohibitions on dealing with suspended or debarred parties. Your organization must ensure adherence to all applicable local, State, and federal procurement laws and regulations.

9. **Program Income.** Generally, program income includes, but is not limited to, income from fees for services performed, the use or rental or real or personal property acquired under Federal awards and principal and interest on loans made with Federal award funds. Program income does not include interest earned on advances of Federal funds, rebates, credits, discounts, or interest on rebates, credits, or discounts. Recipients of SLFRF funds

[6] 2 CFR 200.320(c)(1)-(3) and (5)

should calculate, document, and record the organization's program income. Additional controls that your organization should implement include written policies that explicitly identify appropriate allocation methods, accounting standards and principles, compliance monitoring checks for program income calculations, and records.

The Uniform Guidance outlines the requirements that pertain to program income at 2 CFR 200.307. Treasury intends to provide additional guidance regarding program income and the application of 2 CFR 200.307(e)(1), including with respect to lending programs.

10. **Reporting.** All recipients of federal funds must complete financial, performance, and compliance reporting as required and outlined in Part 2 of this guidance. Expenditures may be reported on a cash or accrual basis, as long as the methodology is disclosed and consistently applied. Reporting must be consistent with the definition of expenditures pursuant to 2 CFR 200.1. Your organization should appropriately maintain accounting records for compiling and reporting accurate, compliant financial data, in accordance with appropriate accounting standards and principles.

    In addition, where appropriate, your organization needs to establish controls to ensure completion and timely submission of all mandatory performance and/or compliance reporting. See Part 2 of this guidance for a full overview of recipient reporting responsibilities.

11. **Subrecipient Monitoring.** SLFRF recipients that are pass-through entities as defined under 2 CFR 200.1 are required to manage and monitor their subrecipients to ensure compliance with requirements of the SLFRF award pursuant to 2 CFR 200.332 regarding requirements for pass-through entities.

    First, your organization must clearly identify to the subrecipient: (1) that the award is a subaward of SLFRF funds; (2) any and all compliance requirements for use of SLFRF funds; and (3) any and all reporting requirements for expenditures of SLFRF funds.

    Next, your organization will need to evaluate each subrecipient's risk of noncompliance based on a set of common factors. These risk assessments may include factors such as prior experience in managing Federal funds, previous audits, personnel, and policies or procedures for award execution and oversight. Ongoing monitoring of any given subrecipient should reflect its assessed risk and include monitoring, identification of deficiencies, and follow-up to ensure appropriate remediation.

    Accordingly, your organization should develop written policies and procedures for subrecipient monitoring and risk assessment and maintain records of all award agreements identifying or otherwise documenting subrecipients' compliance obligations.

12. **Special Tests and Provisions.** Treasury has set a deadline of July 16, 2021, for receipt of public comment on its Interim Final Rule and will adopt a final rule responding to these comments. In addition, Treasury may add clarifications to the implementing guidance.

Across each of the compliance requirements above, Treasury described some best practices for development of internal controls. The table below provides a brief description and example of each best practice.

Table 1: Internal controls best practices

Best Practice	Description	Example
Written policies and procedures	Formal documentation of recipient policies and procedures	Documented procedure for determining worker eligibility for premium pay
Written standards of conduct	Formal statement of mission, values, principles, and professional standards	Documented code of conduct / ethics for subcontractors
Risk-based due diligence	Pre-payment validations conducted according to an assessed level of risk	Enhanced eligibility review of subrecipient with imperfect performance history
Risk-based compliance monitoring	Ongoing validations conducted according to an assessed level of risk	Higher degree of monitoring for projects that have a higher risk of fraud, given program characteristics
Record maintenance and retention	Creation and storage of financial and non-financial records.	Storage of all subrecipient payment information.

E. Award Terms and Conditions

The Award Terms and Conditions of the SLFRF financial assistance agreement sets forth the compliance obligations for recipients pursuant to the SLFRF statute, the Uniform Guidance, and Treasury's Interim Final Rule. Recipients should ensure they remain in compliance with all Award Terms and Conditions. These obligations include the following items in addition to those described above:

1. **SAM.gov Requirements.** All eligible recipients are also required to have an active registration with the System for Award Management (SAM) (https://www.sam.gov). To ensure timely receipt of funding, Treasury has stated that Non-entitlement Units of Government (NEUs) who have not previously registered with SAM.gov may do so after receipt of the award, but before the submission of mandatory reporting.[7]

2. **Recordkeeping Requirements.** Generally, your organization must maintain records and financial documents for five years after all funds have been expended or returned to Treasury, as outlined in paragraph 4.c. of the Award Terms and Conditions. Treasury may request transfer of records of long-term value at the end of such period. Wherever practicable, such records should be collected, transmitted, and stored in open and machine-readable formats.

   Your organization must agree to provide or make available such records to Treasury upon request, and to any authorized oversight body, including but not limited to the Government Accountability Office ("GAO"), Treasury's Office of Inspector General ("OIG"), and the Pandemic Relief Accountability Committee ("PRAC").

3. **Single Audit Requirements.** Recipients and subrecipients that expend more than $750,000 in Federal awards during their fiscal year will be subject to an audit under the Single Audit Act and its implementing regulation at 2 CFR Part 200, Subpart F regarding audit requirements.[8] Recipients and subrecipients may also refer to the Office of

[7] See flexibility provided in https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf.
[8] For-profit entities that receive SLFRF subawards are not subject to Single Audit requirements. However, they are subject to other audits as deemed necessary by authorized governmental entities, including Treasury, the GAO, the PRAC and the Treasury's OIG.

Management and Budget (OMB) Compliance Supplements for audits of federal funds and related guidance and the Federal Audit Clearinghouse to see examples and single audit submissions.

4. **Civil Rights Compliance**. Recipients of Federal financial assistance from the Treasury are required to meet legal requirements relating to nondiscrimination and nondiscriminatory use of Federal funds. Those requirements include ensuring that entities receiving Federal financial assistance from the Treasury do not deny benefits or services, or otherwise discriminate on the basis of race, color, national origin (including limited English proficiency), disability, age, or sex (including sexual orientation and gender identity), in accordance with the following authorities: Title VI of the Civil Rights Act of 1964 (Title VI) Public Law 88-352, 42 U.S.C. 2000d-1 et seq., and the Department's implementing regulations, 31 CFR part 22; Section 504 of the Rehabilitation Act of 1973 (Section 504), Public Law 93-112, as amended by Public Law 93-516, 29 U.S.C. 794; Title IX of the Education Amendments of 1972 (Title IX), 20 U.S.C. 1681 et seq., and the Department's implementing regulations, 31 CFR part 28; Age Discrimination Act of 1975, Public Law 94-135, 42 U.S.C. 6101 et seq., and the Department implementing regulations at 31 CFR part 23.

   In order to carry out its enforcement responsibilities under Title VI of the Civil Rights Act, Treasury will collect and review information from recipients to ascertain their compliance with the applicable requirements before and after providing financial assistance. Treasury's implementing regulations, 31 CFR part 22, and the Department of Justice (DOJ) regulations, Coordination of Non-discrimination in Federally Assisted Programs, 28 CFR part 42, provide for the collection of data and information from recipients (see 28 CFR 42.406). Treasury may request that recipients submit data for post-award compliance reviews, including information such as a narrative describing their Title VI compliance status.

Part 2: Reporting Guidance

There are three types of reporting requirements for the SLFRF program.

- **Interim Report:** Provide initial overview of status and uses of funding. This is a one-time report. **See Section A, page 13.**
- **Project and Expenditure Report:** Report on projects funded, expenditures, and contracts and subawards over $50,000, and other information. **See Section B, page 15.**
- **Recovery Plan Performance Report:** The Recovery Plan Performance Report (the "Recovery Plan") will provide information on the projects that large recipients are undertaking with program funding and how they plan to ensure program outcomes are achieved in an effective, efficient, and equitable manner. It will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury. The Recovery Plan will be posted on the website of the recipient as well as provided to Treasury. **See Section C, page 23.**

Table 2: Reporting requirements by recipient type

Recipient	Interim Report	Project and Expenditure Report	Recovery Plan Performance Report
States, U.S. territories, metropolitan cities and counties with a population that exceeds 250,000 residents	By August 31, 2021, with expenditures by category	By October 31, 2021, and then 30 days after the end of each quarter thereafter[9]	By August 31, 2021, and annually thereafter by July 31 [10]
Metropolitan cities and counties with a population below 250,000 residents which received more than $5 million in SLFRF funding			Not required
Tribal Governments			
Metropolitan cities and counties with a population below 250,000 residents which received less than $5 million in SLFRF funding		By October 31, 2021, and then annually thereafter[11]	
NEUs	Not required		

The remainder of this document describes these reporting requirements. A users' guide will be provided with additional information on how and where to submit required reports.

[9] Interim Final Rule Page 111
[10] Interim Final Rule page 112
[11] Interim Final Rule Page 111

Comparison to reporting for the CRF

This guidance does not change the reporting or compliance requirements pertaining to the CRF. Reporting and compliance requirements for the SLFRF are separate from CRF reporting requirements. Changes from CRF to SLFRF include:

- **Project, Expenditure, and Subaward Reporting**: The SLFRF reporting requirements leverage the existing reporting regime used for CRF to foster continuity and provide many recipients with a familiar reporting mechanism. The data elements for the Project and Expenditure Report will largely mirror those used for CRF, with some minor exceptions noted in this guidance. The users' guide will describe how reporting for CRF funds will relate to reporting for the SLFRF.
- **Timing of Reports**: CRF reports were due within 10 days of each calendar quarter. SLFRF quarterly reporting will be due 30 days from quarter end.
- **Program and Performance Reporting**: The CRF reporting did not include any program or performance reporting. To build public awareness and accountability and allow Treasury to monitor compliance with eligible uses, some program and performance reporting is required.

A. Interim Report

States, U.S. territories, metropolitan cities, counties, and Tribal governments are required to submit a one-time interim report with expenditures[12] by Expenditure Category from the date of award to July 31, 2021. The recipient will be required to enter obligations[13] and expenditures and, for each, select the specific expenditure category from the available options. See Appendix 1 for Expenditure Categories (EC).

1. Required Programmatic Data

Recipients will also be required to provide the following information if they have or plan to have expenditures in the following Expenditure Categories.

a. Revenue replacement (EC 6.1[14]): Key inputs into the revenue replacement formula in the Interim Final Rule and estimated revenue loss due to the Covid-19 public health emergency calculated using the formula in the Interim Final Rule as of December 31, 2020.

- Base year general revenue (e.g., revenue in the last full fiscal year prior to the public health emergency)
- Fiscal year end date
- Growth adjustment used (either 4.1 percent or average annual general revenue growth over 3 years prior to pandemic)
- Actual general revenue as of the twelve months ended December 31, 2020
- Estimated revenue loss due to the Covid-19 public health emergency as of December 31, 2020
- An explanation of how revenue replacement funds were allocated to government services (Note: additional instructions and/or template to be provided in users' guide)

[12] For purposes of reporting in the SLFRF portal, an expenditure is the amount that has been incurred as a liability of the entity (the service has been rendered or the good has been delivered to the entity).
[13] For purposes of reporting in the SLFRF portal, an obligation is an order placed for property and services, contracts and subawards made, and similar transactions that require payment.
[14] See Appendix 1 for the full Expenditure Category (EC) list. References to Expenditure Categories are identified by "EC" followed by numbers from the table in Appendix 1.

In calculating general revenue and the other items discussed above, recipients should use audited data if it is available. When audited data is not available, recipients are not required to obtain audited data if substantially accurate figures can be produced on an unaudited basis. Recipients should use their own data sources to calculate general revenue, and do not need to rely on revenue data published by the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported general revenue figures may differ from those published by the Census Bureau. Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required. Recipients' reporting should align with their own financial reporting.

In calculating general revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a State to a locality pursuant to the CRF or SLFRF. To the extent federal funds are passed through States or other entities or intermingled with other funds, recipients should attempt to identify and exclude the federal portion of those funds from the calculation of general revenue on a best-efforts basis.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of reduction in revenue, recipients will be required to submit a description of services provided. This description may be in narrative or in another form, and recipients are encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with $100 in revenue replacement funds available could indicate that $50 were used for law enforcement operating expenses and $50 were used for pay-go building of sidewalk infrastructure. As discussed in the Interim Final Rule, these services can include a broad range of services but may not be used directly for pension deposits or debt service.

Reporting requirements will not require tracking the indirect effects of Fiscal Recovery Funds, apart from the restrictions on use of Fiscal Recovery Funds to offset a reduction in net tax revenue. In addition, recipients must indicate that Fiscal Recovery Funds were not used to make a deposit in a pension fund.

b. Distributions to NEUs - States and territories only (EC 7.4): Information on SLFRF distributions to eligible NEUs. Each State and territory will be asked to provide an update on distributions to individual NEUs, including whether the NEU has (1) received funding; (2) declined funding and requested a transfer to the State under Section 603(c)(4) of the Act; or (3) not taken action on its funding. States and territories should be prepared to report on their information, including the following:

- NEU name
- NEU DUNS number
- NEU Taxpayer Identification Number (TIN)
- NEU Recipient Number (a unique identification code for each NEU assigned by the State to the NEU as part of the request for funding)
- NEU contact information (e.g., address, point of contact name, point of contact email address, and point of contact phone number)
- NEU authorized representative name and email address
- Initial allocation and, if applicable, subsequent allocation to the NEU (before application of the 75 percent cap)
- Total NEU reference budget (as submitted by the NEU to the State as part of the request for funding)

- Amount of the initial and, if applicable, subsequent allocation above 75 percent of the NEU's reference budget which will be returned to Treasury
- Payment amount(s)
- Payment date(s)

For each eligible NEU that declined funding and requested a transfer to the State under Section 603(c)(4), the State must also attach a form signed by the NEU, as detailed in the Guidance on Distributions of Funds to Non-Entitlement Units of Local Government.

States with "weak" minor civil divisions (i.e., Illinois, Indiana, Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota) should also list any minor civil divisions that the State deemed ineligible.

B. Project and Expenditure Report

All recipients are required to submit Project and Expenditure Reports.

1. Quarterly Reporting

The following recipients are required to submit quarterly Project and Expenditure Reports:

- States, U.S. territories, and Tribal governments
- Metropolitan cities and counties that received more than $5 million in SLFRF funding

For these recipients, the initial quarterly Project and Expenditure Report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 calendar days after the end of each calendar quarter. Quarterly reports are not due concurrently with applicable annual reports. The table below summarizes the quarterly report timelines:

Report	Year	Quarter	Period Covered	Due Date
1	2021	2 and 3	Award Date – September 30	October 31, 2021
2	2021	4	October 1 – December 31	January 31, 2022
3	2022	1	January 1 – March 31	April 30, 2022
4	2022	2	April 1 – June 30	July 31, 2022
5	2022	3	July 1 – September 30	October 31, 2022
6	2022	4	October 1 – December 31	January 31, 2023
7	2023	1	January 1 – March 31	April 30, 2023
8	2023	2	April 1 – June 30	July 31, 2023
9	2023	3	July 1 – September 30	October 31, 2023
10	2023	4	October 1 – December 31	January 31, 2024
11	2024	1	January 1 – March 31	April 30, 2024
12	2024	2	April 1 – June 30	July 31, 2024
13	2024	3	July 1 – September 30	October 31, 2024
14	2024	4	October 1 – December 31	January 31, 2025
15	2025	1	January 1 – March 31	April 30, 2025
16	2025	2	April 1 – June 30	July 31, 2025
17	2025	3	July 1 – September 30	October 31, 2025
18	2025	4	October 1 – December 31	January 31, 2026
19	2026	1	January 1 – March 31	April 30, 2026
20	2026	2	April 1 – June 30	July 31, 2026

Report	Year	Quarter	Period Covered	Due Date
21	2026	3	July 1 – September 30	October 31, 2026
22	2026	4	October 1 – December 31	March 31, 2027

2. Annual Reporting

The following recipients are required to submit annual Project and Expenditure Reports:

- Metropolitan cities and counties that received less than $5 million in SLFRF funding.
- NEUs. To facilitate reporting, each NEU will need a NEU Recipient Number. This is a unique identification code for each NEU assigned by the State to the NEU as part of its request for funding.

For these recipients, the initial Project and Expenditure Report will cover from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports will cover one calendar year and must be submitted to Treasury by October 31. The table below summarizes the report timelines:

Report	Period Covered	Due Date
1	Award Date – September 30, 2021	October 31, 2021
2	October 1, 2021 – September 30, 2022	October 31, 2022
3	October 1, 2022 – September 30, 2023	October 31, 2023
4	October 1, 2023 – September 30, 2024	October 31, 2024
5	October 1, 2024 – September 30, 2025	October 31, 2025
6	October 1, 2025 – September 30, 2026	October 31, 2026
7	October 1, 2026 – December 31, 2026	March 31, 2027

3. Required Information

The following information will be required in Project and Expenditure Reports:

a. Projects: Provide information on all SLFRF funded projects. Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding. For each project, the recipient will be required to enter the project name, identification number (created by the recipient), project expenditure category (see Appendix 1), description, and status of completion. Project descriptions must describe the project in sufficient detail to provide understanding of the major activities that will occur, and will be required to be between 50 and 250 words. Projects should be defined to include only closely related activities directed toward a common purpose. In particular, recipients should review the Required Programmatic Data described below and define their projects at a sufficient level of granularity to report these metrics for a reasonably specific activity or set of activities in each project.

   Note: For each project, the recipient will be asked to select the appropriate Expenditure Category based on the scope of the project (see Appendix 1). Projects should be scoped to align to a single Expenditure Category. For select Expenditure Categories, the recipient will also be asked to provide additional programmatic data (described further below).

b. Expenditures: Once a project is entered the recipient will be able to report on the project's obligations and expenditures. Recipients will be asked to report:
   - Current period obligation
   - Cumulative obligation
   - Current period expenditure
   - Cumulative expenditure

c. Project Status: Once a project is entered the recipient will be asked to report on project status each reporting period, in four categories:
   - Not Started
   - Completed less than 50 percent
   - Completed 50 percent or more
   - Completed

d. Project Demographic Distribution: Recognizing the disproportionate impact of the pandemic-related recession on low-income communities, recipients must report whether certain types of projects[15] are targeted to economically disadvantaged communities, as defined by HUD's Qualified Census Tract.[16] Recipients will be asked to identify whether or not the project is serving an economically disadvantaged community. To minimize the administrative burden on recipients while ensuring that this important aspect of program performance is tracked, recipients may assume that the funds for a project count as being targeted towards economically disadvantaged communities if the project funds are spent on:
   - A program or service is provided at a physical location in a Qualified Census Tract (for multi-site projects, if a majority of sites are within Qualified Census Tracts);
   - A program or service where the primary intended beneficiaries live within a Qualified Census Tract;
   - A program or service for which the eligibility criteria are such that the primary intended beneficiaries earn less than 60 percent of the median income for the relevant jurisdiction (e.g., State, county, metropolitan area, or other jurisdiction); or
   - A program or service for which the eligibility criteria are such that over 25 percent of intended beneficiaries are below the federal poverty line.

   Recipients may use reasonable estimates to determine if a project meets one of these criteria, including identifying the intended beneficiaries of a program or service in terms of income characteristics, geographic location, or otherwise estimating the beneficiaries of a program based on its eligibility criteria. Recipients do not need to track information on each individual beneficiary to make the determination of whether or not the project is serving an economically disadvantaged community. If a recipient is unable to measure economic characteristics of the primary intended beneficiaries of a program or service due to data limitations or for other reasons, that program or service may not be counted as targeted to economically disadvantaged communities. Treasury recognizes that in some circumstances, recipients may fund eligible programs or services that benefit economically disadvantaged communities but may lack adequate data to assess conclusively that such a program or service is targeted to economically disadvantaged communities based on the criteria described above.

e. Subawards: Each recipient shall also provide detailed obligation and expenditure information for any contracts and grants awarded, loans issued, transfers made to other government entities, and direct payments made by the recipient that are greater than or equal to $50,000.

[15] Specifically recipients must report this information for projects in the Expenditure Categories that are marked with "^" in the expenditure category listing in Appendix 1 of this guidance

[16] HUD defines as a QCT as having "50 percent of households with incomes below 60 percent of the Area Median Gross Income (AMGI) or have a poverty rate of 25 percent or more." To view median income area for their jurisdiction, recipients may visit the U.S. Census website on median incomes and select the geography for their jurisdiction and relevant unit of measurement (household or individual) for the project.

Recipients do not also need to submit separate monthly subaward reports to FSRS.gov as required pursuant to the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, which is included in the SLFRF Award Terms and Conditions. Treasury will submit this reporting on behalf of recipients using the $50,000 reporting threshold, timing, and data elements discussed in this guidance. If recipients choose to continue reporting to FSRS.gov in addition to reporting directly to Treasury on these funds, they may do so and will be asked to notify Treasury as part of their quarterly submission.

In general, recipients will be asked to provide the following information for each Contract, Grant, Loan, Transfer, or Direct Payment greater than or equal to $50,000:

- Subrecipient identifying and demographic information (e.g., DUNS number and location)
- Award number (e.g., Award number, Contract number, Loan number)
- Award date, type, amount, and description
- Award payment method (reimbursable or lump sum payment(s))
- For loans, expiration date (date when loan expected to be paid in full)
- Primary place of performance
- Related project name(s)
- Related project identification number(s) (created by the recipient)
- Period of performance start date
- Period of performance end date
- Quarterly obligation amount
- Quarterly expenditure amount
- Project(s)
- Additional programmatic performance indicators for select Expenditure Categories (see below)

Aggregate reporting is required for contracts, grants, transfers made to other government entities, loans, direct payments, and payments to individuals that are below $50,000. This information will be accounted for by expenditure category at the project level.

As required by the 2 CFR Part 170, Appendix A award term regarding reporting subaward and executive compensation, recipients must also report the names and total compensation of their five most highly compensated executives and their subrecipients' executives for the preceding completed fiscal year if (1) the recipient received 80 percent or more of its annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act, as defined at 2 CFR 170.320 (and subawards), and received $25,000,000 or more in annual gross revenues from Federal procurement contracts (and subcontracts) and Federal financial assistance subject to the Transparency Act (and subawards), and (2) if the information is not otherwise public. In general, most SLFRF Recipients are governmental entities with executive salaries that are already disclosed, so no additional information must be reported. The recipient is responsible for the subrecipients' compliance with registering and maintaining an updated profile on SAM.gov.

f. Civil Rights Compliance: Treasury will request information on recipients' compliance with Title VI of the Civil Rights Act of 1964 on an annual basis. This information may include a narrative describing the recipient's compliance with Title VI, along with other questions and assurances.

g. Required Programmatic Data (other than infrastructure projects): For all projects listed under the following Expenditure Categories (see Appendix 1), the information listed must be provided in each report.

1. Payroll for Public Health and Safety Employees (EC 1.9):
   - Number of government FTEs responding to COVID-19 supported under this authority

2. Household Assistance (EC 2.1-2.5):
   - Brief description of structure and objectives of assistance program(s) (e.g., nutrition assistance for low-income households)
   - Number of individuals served (by program if recipient establishes multiple separate household assistance programs)
   - Brief description of recipient's approach to ensuring that aid to households responds to a negative economic impact of Covid-19, as described in the Interim Final Rule

3. Small Business Economic Assistance (EC 2.9):
   - Brief description of the structure and objectives of assistance program(s) (e.g., grants for additional costs related to Covid-19 mitigation)
   - Number of small businesses served (by program if recipient establishes multiple separate small businesses assistance programs)
   - Brief description of recipient's approach to ensuring that aid to small businesses responds to a negative economic impact of COVID-19, as described in the Interim Final Rule

4. Aid to Travel, Tourism, and Hospitality or Other Impacted Industries (EC 2.11-2.12):
   - If aid is provided to industries other than travel, tourism, and hospitality (EC 2.12), a description of pandemic impact on the industry and rationale for providing aid to the industry
   - Brief narrative description of how the assistance provided responds to negative economic impacts of the COVID-19 pandemic
   - For each subaward:
     - Sector of employer (Note: additional detail, including list of sectors to be provided in a users' guide)
     - Purpose of funds (e.g., payroll support, safety measure implementation)

5. Rehiring Public Sector Staff (EC 2.14):
   - Number of FTEs rehired by governments under this authority

6. Education Assistance (EC 3.1-3.5):
   - The National Center for Education Statistics ("NCES") School ID or NCES District ID. List the School District if all schools within the school district received some funds. If not all schools within the school district received funds, list the School ID of the schools that received funds. These can allow evaluators to link data from the NCES to look at school-level demographics and, eventually, student performance.[17]

[17] For more information on NCES identification numbers see https://nces.ed.gov/ccd/districtsearch/ (districts) and https://nces.ed.gov/ccd/schoolsearch/ (schools).

7. Premium Pay (both Public Sector EC 4.1 and Private Sector EC 4.2):
   - List of sectors designated as critical to the health and well-being of residents by the chief executive of the jurisdiction, if beyond those included in the Interim Final Rule (Note: a list of sectors will be provided in the forthcoming users' guide).
   - Number of workers to be served
   - Employer sector for all subawards to third-party employers (i.e., employers other than the State, local, or Tribal government) (Note: a list of sectors will be provided in the forthcoming users' guide).
   - For groups of workers (e.g., an operating unit, a classification of worker, etc.) or, to the extent applicable, individual workers, for whom premium pay would increase total pay above 150 percent of their residing State's average annual wage, or their residing county's[18] average annual wage, whichever is higher, on an annual basis:
     - A brief written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19, and why the recipient government determined that the premium pay was responsive to workers performing essential work during the pandemic. This description should not include personally identifiable information; when addressing individual workers, recipients should be careful not to include this information. Recipients may consider describing the workers' occupations and duties in a general manner as necessary to protect privacy.

8. Revenue replacement (EC 6.1):
   Under the Interim Final Rule, recipients calculate revenue loss using data as of four discrete points during the program: December 31, 2020, December 31, 2021, December 31, 2022, and December 31, 2023. Revenue loss calculated as of December 31, 2020 will be reported in the Interim Report, as described above. For future calculation dates, revenue loss will be reported only in the Quarter 4 reports due January 31, 2022, January 31, 2023, and January 31, 2024. Reporting on revenue loss should include:
   - General revenue collected over the past 12 months as of the most recent calculation date, as outlined in the Interim Final Rule (for example, for the January 31, 2022 report, recipients should provide 12 month general revenue as of December 31, 2021);
   - Calculated revenue loss due to the Covid-19 public health emergency; and
   - An explanation of how the revenue replacement funds were allocated to government services (note: additional instructions and/or template to be provided in user guide).

   In calculating general revenue and the revenue loss due to the COVID-19 public health emergency, recipients should follow the same guidance as described above for the Interim Report.

h. Required Programmatic Data for Infrastructure Projects (EC 5): For all projects listed under the Water, Sewer, and Broadband Expenditure Categories (see Appendix 1), more detailed project-level information is required. Each project will be required to report expenditure data as described above, but will also report the following information:

[18] *County* means a county, parish, or other equivalent county division (as defined by the Census Bureau). See 31 CFR 35.3.

1. All infrastructure projects (EC 5):
   - Projected/actual construction start date (month/year)
   - Projected/actual initiation of operations date (month/year)
   - Location (for broadband, geospatial location data)
   - For projects over $10 million:
     a. A recipient may provide a certification that, for the relevant project, all laborers and mechanics employed by contractors and subcontractors in the performance of such project are paid wages at rates not less than those prevailing, as determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed, or by the appropriate State entity pursuant to a corollary State prevailing-wage-in-construction law (commonly known as "baby Davis-Bacon Acts"). If such certification is not provided, a recipient must provide a project employment and local impact report detailing:
        - The number of employees of contractors and sub-contractors working on the project;
        - The number of employees on the project hired directly and hired through a third party;
        - The wages and benefits of workers on the project by classification; and
        - Whether those wages are at rates less than those prevailing.[19]

        Recipients must maintain sufficient records to substantiate this information upon request.
     b. A recipient may provide a certification that a project includes a project labor agreement, meaning a pre-hire collective bargaining agreement consistent with section 8(f) of the National Labor Relations Act (29 U.S.C. 158(f)). If the recipient does not provide such certification, the recipient must provide a project workforce continuity plan, detailing:
        - How the recipient will ensure the project has ready access to a sufficient supply of appropriately skilled and unskilled labor to ensure high-quality construction throughout the life of the project;
        - How the recipient will minimize risks of labor disputes and disruptions that would jeopardize timeliness and cost-effectiveness of the project; and
        - How the recipient will provide a safe and healthy workplace that avoids delays and costs associated with workplace illnesses, injuries, and fatalities;
        - Whether workers on the project will receive wages and benefits that will secure an appropriately skilled workforce in the context of the local or regional labor market; and
        - Whether the project has completed a project labor agreement.
     c. Whether the project prioritizes local hires.
     d. Whether the project has a Community Benefit Agreement, with a description of any such agreement.

[19] As determined by the U.S. Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code (commonly known as the "Davis-Bacon Act"), for the corresponding classes of laborers and mechanics employed on projects of a character similar to the contract work in the civil subdivision of the State (or the District of Columbia) in which the work is to be performed.

2. Water and sewer projects (EC 5.1-5.15):
   - National Pollutant Discharge Elimination System (NPDES) Permit Number (if applicable; for projects aligned with the Clean Water State Revolving Fund)
   - Public Water System (PWS) ID number (if applicable; for projects aligned with the Drinking Water State Revolving Fund)

3. Broadband projects (EC 5.16-5.17):
   - Speeds/pricing tiers to be offered, including the speed/pricing of its affordability offering
   - Technology to be deployed
   - Miles of fiber
   - Cost per mile
   - Cost per passing
   - Number of households (broken out by households on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload
     - Number of households with access to minimum speed standard of reliable 100 Mbps symmetrical upload and download
     - Number of households with access to minimum speed standard of reliable 100 Mbps download and 20 Mbps upload
   - Number of institutions and businesses (broken out by institutions on Tribal lands and those not on Tribal lands) projected to have increased access to broadband meeting the minimum speed standards in areas that previously lacked access to service of at least 25 Mbps download and 3 Mbps upload, in each of the following categories: business, small business, elementary school, secondary school, higher education institution, library, healthcare facility, and public safety organization
     - Specify the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps symmetrical upload and download; and
     - Specify the number of each type of institution with access to the minimum speed standard of reliable 100 Mbps download and 20 Mbps upload

i. Distributions to NEUs - States and territories only (EC 7.4): Information on SLFRF distributions to eligible NEUs. Each State and territory will be asked to provide an update on distributions to individual NEUs, including whether the NEU has (1) received funding; (2) declined funding and requested a transfer to the State under Section 603(c)(4) of the Act; or (3) not taken action on its funding. States and territories should be prepared to report on their information, including the following:
   - NEU name
   - NEU DUNS number
   - NEU Taxpayer Identification Number (TIN)
   - NEU Recipient Number (a unique identification code for each NEU assigned by the State to the NEU as part of the request for funding)
   - NEU contact information (e.g., address, point of contact name, point of contact email address, and point of contact phone number)
   - NEU authorized representative name and email address
   - Initial allocation and, if applicable, subsequent allocation to the NEU (before application of the 75 percent cap)
   - Total NEU reference budget (as submitted by the NEU to the State as part of the request for funding)
   - Amount of the initial and, if applicable, subsequent allocation above 75 percent of the NEU's reference budget which will be returned to Treasury
   - Payment amount(s)
   - Payment date(s)

For each eligible NEU that declined funding and requested a transfer to the State under Section 603(c)(4), the State must also attach a form signed by the NEU, as detailed in the Guidance on Distributions of Funds to Non-Entitlement Units of Local Government.

States with "weak" minor civil divisions (i.e., Illinois, Indiana, Kansas, Missouri, Nebraska, North Dakota, Ohio, and South Dakota) should also list any minor civil divisions that the State deemed ineligible.

j. NEU Documentation (NEUs only): Each NEU will also be asked to provide the following information with their first report submitted by October 31, 2021:
   - Copy of the signed award terms and conditions agreement (which was signed and submitted to the State as part of the request for funding)
   - Copy of the signed assurances of compliance with Title VI of the Civil Rights Act of 1964 (which was signed and submitted to the State as part of the request for funding)
   - Copy of actual budget documents validating the top-line budget total provided to the State as part of the request for funding

C. Recovery Plan Performance Report

States, territories, metropolitan cities, and counties with a population that exceeds 250,000 residents will also be required to publish and submit to Treasury a Recovery Plan performance report ("Recovery Plan"). Each Recovery Plan must be posted on the public-facing website of the recipient by the same date the recipient submits the report to Treasury. This reporting requirement includes uploading a link to the publicly available document report along with providing data in the Treasury reporting portal.

The Recovery Plan will provide the public and Treasury information on the projects recipients are undertaking with program funding and how they are planning to ensure program outcomes are achieved in an effective, efficient, and equitable manner. While this guidance outlines some minimum requirements for the Recovery Plan, each recipient is encouraged to add information to the plan they feel is appropriate to provide information to their constituents on efforts they are taking to respond to the pandemic and promote economic recovery. Each jurisdiction may determine the general form and content of the Recovery Plan, as long as it includes the minimum information determined by Treasury. Treasury will provide a recommended template but recipients may modify this template as appropriate for their jurisdiction. The Recovery Plan will include key performance indicators identified by the recipient and some mandatory indicators identified by Treasury.

The initial Recovery Plan will cover the period from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the Recovery Plan will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period (by July 31). The table below summarizes the report timelines:

Annual Report	Period Covered	Due Date
1	Award Date – July 31, 2021	August 31, 2021
2	July 1, 2021 – June 30, 2022	July 31, 2022
3	July 1, 2022 – June 30, 2023	July 31, 2023
4	July 1, 2023 – June 30, 2024	July 31, 2024
5	July 1, 2024 – June 30, 2025	July 31, 2025
6	July 1, 2025 – June 30, 2026	July 31, 2026
7	July 1, 2026 – December 31, 2026	March 31, 2027

The Recovery Plan will include, at a minimum, the following information:

1. Executive Summary
Provide a high-level overview of the jurisdiction's intended and actual uses of funding including, but not limited to: the jurisdiction's plan for use of funds to promote a response to the pandemic and economic recovery, key outcome goals, progress to date on those outcomes, and any noteworthy challenges or opportunities identified during the reporting period.

2. Uses of Funds
Describe in further detail your jurisdiction's intended and actual uses of the funds, such as how your jurisdiction's approach would help support a strong and equitable recovery from the COVID-19 pandemic and economic downturn. Describe any strategies employed to maximize programmatic impact and effective, efficient, and equitable outcomes. Given the broad eligible uses of funds and the specific needs of the jurisdiction, please also explain how the funds would support the communities, populations, or individuals in your jurisdiction. Your description should address how you are promoting each of the following, to the extent they apply:

a. Public Health (EC 1): As relevant, describe how funds are being used to respond to COVID-19 and the broader health impacts of COVID-19 and the COVID-19 public health emergency.
b. Negative Economic Impacts (EC 2): As relevant, describe how funds are being used to respond to negative economic impacts of the COVID-19 public health emergency, including to households and small businesses.
c. Services to Disproportionately Impacted Communities (EC 3): As relevant, describe how funds are being used to provide services to communities disproportionately impacted by the COVID-19 public health emergency.
d. Premium Pay (EC 4): As relevant, describe the approach, goals, and sectors or occupations served in any premium pay program. Describe how your approach prioritizes low-income workers.
e. Water, sewer, and broadband infrastructure (EC 5): Describe the approach, goals, and types of projects being pursued, if pursuing.
f. Revenue Replacement (EC 6): Describe the loss in revenue due to the COVID-19 public health emergency and how funds have been used to provide government services.

Where appropriate, recipients should also include information on your jurisdiction's use (or planned use) of other federal recovery funds including other programs under the American Rescue Plan such as the Emergency Rental Assistance, Housing Assistance, and so forth, to provide broader context on the overall approach for pandemic recovery.

3. Promoting equitable outcomes
Describe efforts to promote equitable outcomes, including how programs were designed with equity in mind. Please include in your description how your jurisdiction will consider and measure equity at the various stages of the program, including:

a. Goals: Are there particular historically underserved, marginalized, or adversely affected groups that you intend to serve within your jurisdiction?
b. Awareness: How equal and practical is the ability for residents or businesses to become aware of the services funded by the SLFRF?
c. Access and Distribution: Are there differences in levels of access to benefits and services across groups? Are there administrative requirements that result in disparities in ability to complete applications or meet eligibility criteria?

d. Outcomes: Are intended outcomes focused on closing gaps, reaching universal levels of service, or disaggregating progress by race, ethnicity, and other equity dimensions where relevant for the policy objective?

Treasury encourages uses of funds that promote strong, equitable growth, including racial equity. Please describe how your jurisdiction's planned or current use of funds prioritizes economic and racial equity as a goal, names specific targets intended to produce meaningful equity results at scale, and articulates the strategies to achieve those targets. In addition, please explain how your jurisdiction's overall equity strategy translates into the specific services or programs offered by your jurisdiction in the following Expenditure Categories:

a. Negative Economic Impacts (EC 2): assistance to households, small businesses, and non-profits to address impacts of the pandemic, which have been most severe among low-income populations. This includes assistance with food, housing, and other needs; employment programs for people with barriers to employment who faced negative economic impacts from the pandemic (such as residents of low-income neighborhoods, minorities, disconnected youth, the unemployed, formerly incarcerated people, veterans, and people with disabilities); and other strategies that provide disadvantaged groups with access to education, jobs, and opportunity.
b. Services to Disproportionately Impacted Communities (EC 3): services to address health disparities and the social determinants of health, build stronger neighborhoods and communities (e.g., affordable housing), address educational disparities (e.g., evidence-based tutoring, community schools, and academic, social-emotional, and mental health supports for high poverty schools), and promote healthy childhood environments (e.g., home visiting, child care).

The initial report must describe efforts to date and intended outcomes to promote equity. Each annual report thereafter must provide an update, using qualitative and quantitative data, on how the recipients' approach achieved or promoted equitable outcomes or progressed against equity goals during the performance period. Please also describe any constraints or challenges that impacted project success in terms of increasing equity. In particular, this section must describe the geographic and demographic distribution of funding, including whether it is targeted toward traditionally marginalized communities.

For the purposes of the SLFRF, equity is defined in the Executive Order 13985 On Advancing Racial Equity and Support for Underserved Communities Through the Federal Government, as issued on January 20, 2021.

4. Community Engagement

Please describe how your jurisdiction's planned or current use of funds incorporates written, oral, and other forms of input that capture diverse feedback from constituents, community-based organizations, and the communities themselves. Where relevant, this description must include how funds will build the capacity of community organizations to serve people with significant barriers to services, including people of color, people with low incomes, limited English proficient populations, and other traditionally underserved groups.

5. Labor Practices

Describe workforce practices on any infrastructure projects being pursued (EC 5). How are projects using strong labor standards to promote effective and efficient delivery of high-quality infrastructure projects while also supporting the economic recovery through strong employment opportunities for workers? For example, report whether any of the following practices are being utilized: project labor agreements, community benefits agreements, prevailing wage requirements, and local hiring.

6. Use of Evidence

The Recovery Plan should identify whether SLFRF funds are being used for evidence-based interventions[20] and/or if projects are being evaluated through rigorous program evaluations that are designed to build evidence. Recipients must briefly describe the goals of the project, and the evidence base for the interventions funded by the project. Recipients must specifically identify the dollar amount of the total project spending that is allocated towards evidence-based interventions for each project in the Public Health (EC 1), Negative Economic Impacts (EC 2), and Services to Disproportionately Impacted Communities (EC 3) Expenditure Categories.[21]

Recipients are exempt from reporting on evidence-based interventions in cases where a program evaluation is being conducted. Recipients are encouraged to use relevant evidence Clearinghouses, among other sources, to assess the level of evidence for their interventions and identify evidence-based models that could be applied in their jurisdiction; such evidence clearinghouses include the U.S. Department of Education's What Works Clearinghouse, the U.S. Department of Labor's CLEAR, and the Childcare & Early Education Research Connections and the Home Visiting Evidence of Effectiveness clearinghouses from Administration for Children and Families, as well as other clearinghouses relevant to particular projects conducted by the recipient. In such cases where a recipient is conducting a program evaluation in lieu of reporting the amount of spending on evidence-based interventions, they must describe the evaluation design including whether it is a randomized or quasi-experimental design; the key research questions being evaluated; whether the study has sufficient statistical power to disaggregate outcomes by demographics; and the timeframe for the completion of the evaluation (including a link to completed evaluation if relevant).[22] Once the evaluation has been completed, recipients must post the evaluation publicly and link to the completed evaluation in the Recovery Plan. Once an evaluation has been completed (or has sufficient interim findings to determine the efficacy of the intervention), recipients should determine whether the spending for the evaluated interventions should be counted towards the dollar amount categorized as evidence-based for the relevant project.

For all projects, recipients may be selected to participate in a national evaluation, which would study their project along with similar projects in other jurisdictions that are focused on the same set of outcomes. In such cases, recipients may be asked to share information and data that is needed for the national evaluation.

Recipients are encouraged to consider how a Learning Agenda, either narrowly focused on SLFRF or broadly focused on the recipient's broader policy agenda, could support their overarching evaluation efforts in order to create an evidence-building strategy for their jurisdiction.[23]

Appendix 2 contains additional information on evidence-based interventions for the purposes of the Recovery Plan.

---

[20] As noted in Appendix 2, evidence-based refers to interventions with strong or moderate levels of evidence.

[21] Of note, recipients are only required to report the amount of the total funds that are allocated to evidence-based interventions in the areas of Public Health, Negative Economic Impacts, and Services to Disproportionately Impacted Communities that are marked by an asterisk in Appendix 1: Expenditure Categories.

[22] For more information on the required standards for program evaluation, see OMB M-20-12.

[23] For more information on learning agendas, please see OMB M-19-23

7. Table of Expenses by Expenditure Category

Please include a table listing the amount of funds used in each Expenditure Category (See Appendix 1). The table should include cumulative expenses to date within each category, and the additional amount spent within each category since the last annual Recovery Plan.

8. Project Inventory

List the name and provide a brief description of all SLFRF funded projects. Projects are new or existing eligible government services or investments funded in whole or in part by SLFRF funding. For each project, include the project name, funding amount, identification number (created by the recipient and used thereafter in the quarterly Program and Expenditure Report), project Expenditure Category (see Appendix 1), and a description of the project which includes an overview of the main activities of the project, the approximate timeline, primary delivery mechanisms and partners, if applicable, and intended outcomes. Include a link to the website of the project if available. This information will provide context and additional detail for the information reported quarterly in the Project and Expenditure Report.

For infrastructure investment projects (EC 5), project-level reporting will be more detailed, as described for the Project and Expenditure Report above. Projects in this area may be grouped by Expenditure Category if needed, with further detail (such as the specific project name and identification number) provided in the Project and Expenditure Report. For infrastructure projects, descriptions should note how the project contributes to addressing climate change.

9. Performance Report

The Recovery Plan must include key performance indicators for the major SLFRF funded projects undertaken by the recipient. The recipient has flexibility in terms of how this information is presented in the Recovery Plan, and may report key performance indicators for each project, or may group projects with substantially similar goals and the same outcome measures. In some cases, the recipient may choose to include some indicators for each individual project as well as crosscutting indicators.

Performance indicators should include both output and outcome measures. Output measures, such as number of students enrolled in an early learning program, provide valuable information about the early implementation stages of a project. Outcome measures, such as the percent of students reading on grade level, provide information about whether a project is achieving its overall goals. Recipients are encouraged to use logic models[24] to identify their output and outcome measures. While the initial report will focus heavily on early output goals, recipients must include the related outcome goal for each project and provide updated information on achieving these outcome goals in annual reports. In cases where recipients are conducting a program evaluation for a project (as described above), the outcome measures in the performance report should be aligned with those being evaluated in the program. To support their performance measurement and program improvement efforts, recipients are permitted to use funds to make improvements to data or technology infrastructure and data analytics, as well as program evaluations.

10. Required Performance Indicators and Programmatic Data

While recipients have discretion on the full suite of performance indicators to include, a number of mandatory performance indicators and programmatic data must be included. These are necessary to allow Treasury to conduct oversight as well as understand and aggregate program outcomes across recipients. This section provides an overview of the mandatory performance indicators and programmatic data. This information may be included in each recipient's Recovery Plan as they determine most appropriate, including combining with the

[24] A logic model is a tool that depicts the intended links between program investments and outcomes, specifically the relationships among the resources, activities, outputs, outcomes, and impact of a program.

section above, but this data will also need to be entered directly into the Treasury reporting portal. Below is a list of required data for each Expenditure Category:

a. Household Assistance (EC 2.2 & 2.5) and Housing Support (EC 3.10-3.12):
   - Number of people or households receiving eviction prevention services (including legal representation)
   - Number of affordable housing units preserved or developed

b. Negative Economic Impacts (EC 2):
   - Number of workers enrolled in sectoral job training programs
   - Number of workers completing sectoral job training programs
   - Number of people participating in summer youth employment programs

c. Education Assistance (EC 3.1-3.5):
   - Number of students participating in evidence-based tutoring programs[25]

d. Healthy Childhood Environments (EC 3.6-3.9):
   - Number of children served by childcare and early learning (pre-school/pre-K/ages 3-5)
   - Number of families served by home visiting

The initial report should include the key indicators above. Each annual report thereafter should include updated data for the performance period as well as prior period data, and a brief narrative adding any additional context to help the reader interpret the results and understand the any changes in performance indicators over time. To the extent possible, Treasury also encourages recipients to provide data disaggregated by race, ethnicity, gender, income, and other relevant factors.

11. Ineligible Activities: Tax Offset Provision (States and territories only)
The following information is required for Treasury to ensure SLFRF funding is not used for ineligible activities.

In each reporting year, States and territories will report certain items related to the Tax Offset Provision 31 CFR 35.8, as detailed below. As indicated in the Interim Final Rule, Treasury is seeking comment on reporting requirements related to the Tax Offset Provision, including ways to better rely on information already produced by States and territories and to minimize burden.

The terms "reporting year," "baseline," "covered change," "net reduction in total spending," and "tax revenue" are defined in the Interim Final Rule, 31 CFR 35.3. For purposes of calculating a net reduction in total spending, total spending for the fiscal year ending 2019 should be reported on an inflation-adjusted basis, consistent with the Interim Final Rule, 31 CFR 35.3. Similarly, for purposes of calculating baseline, tax revenue for the fiscal year 2019 should be reported on an inflation-adjusted basis, consistent with the Interim Final Rule, 31 CFR 35.3.

For purposes of reporting actual tax revenue and calculating tax revenue for the fiscal year ending 2019,[26] (a) if available, recipients should report information using audited financials and (b) recipients may provide data on a cash, accrual, or modified accrual basis, but must be consistent in their approach across all reporting periods. Similarly, for purposes of calculating

[25] For more information on evidence-based tutoring programs, refer to the U.S. Department of Education's 2021 ED COVID-19 Handbook (Volume 2), which summarizes research on evidence-based tutoring programs (see the bottom of page 20.
[26] Tax revenue for fiscal year ending 2019 is relevant for calculating the recipient's baseline.

a net reduction in total spending, recipients should report data using audited financials where available.

a. Revenue-reducing Covered Changes:
For each reporting year, a recipient must report the value of covered changes that the recipient predicts will have the effect of reducing tax revenue in a given reporting year (revenue-reducing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient government's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general and where possible, reported values should be produced by the agency of the recipient government responsible for estimating the costs and effects of fiscal policy changes. Recipients must maintain records regarding the identification and predicted effects of revenue-reducing covered changes.

b. Baseline Revenue:
Baseline has the meaning defined in the Interim Final Rule, 31 CFR 35.3.

Whether the revenue-reducing covered changes are in excess of the *de minimis*. Recipients must determine whether the aggregate value of the revenue-reducing covered changes in the reporting year is less than one percent of baseline revenue.

c. Actual Tax Revenue:
Actual tax revenue means the actual tax revenue received by the recipient government in the reporting year. Tax revenue has the meaning defined in the Interim Final Rule, 31 CFR 35.3.

d. Reduction in Net Tax Revenue:
The reduction in net tax revenue is equal to baseline revenue minus actual tax revenue in each reporting year. If this value is zero or negative, there is no reduction in net tax revenue.

e. Any revenue-increasing covered changes:
A recipient must report the value of covered changes that have had or that the recipient predicts will have the effect of increasing tax revenue in a given reporting year (revenue-increasing covered changes), similar to the way it would in the ordinary course of its budgeting process. The value of these covered changes may be reported based on estimated values produced by a budget model, incorporating reasonable assumptions, that aligns with the recipient's existing approach for measuring the effects of fiscal policies, and that measures relative to a current law baseline. The covered changes may also be reported based on actual values using a statistical methodology to isolate the change in year-over-year revenue attributable to the covered change(s), relative to the current law baseline prior to the change(s). Estimation approaches should not use dynamic methodologies that incorporate the projected effects of the policies on macroeconomic growth. In general and where possible, reporting should be produced by the agency of the recipient responsible for estimating the costs and effects of fiscal policy changes.

Recipients should maintain records regarding revenue-reducing covered changes and estimates of such changes.

f. Net reduction in total spending, and tables of specific spending cuts:
Recipients must report on spending cuts. To calculate the amount of spending cuts that are available to offset a reduction in tax revenue, the recipient must first consider whether there has been a reduction in total net spending, excluding Fiscal Recovery Funds (net reduction in total spending). As in the Interim Final Rule, 35 CFR 35.3, net reduction in total spending is measured as the recipient government's total spending for a given reporting year excluding Fiscal Recovery Funds, subtracted from its total spending for its fiscal year ending in 2019, adjusted for inflation using the Bureau of Economic Analysis's Implicit Price Deflator for the gross domestic product of the United States. If that subtraction yields a positive value, there has been a net reduction; if it yields zero or a negative value, there has not been a net reduction. If there has been no net reduction in total spending, a recipient will have no spending cuts to offset a reduction in net tax revenue.

Next, a recipient must determine and aggregate the value of spending cuts in each "reporting unit," as defined below. For each reporting unit, the recipient must report (1) the amount of the reduction in spending in the reporting unit relative to its inflation-adjusted FY 2019 level, (2) the amount of any Fiscal Recovery Funds spent in the reporting unit, and (3) the amount by which the reduction in spending exceeds the Fiscal Recovery funds spent in the reporting unit. If a recipient has not spent amounts received from the Fiscal Recovery Funds in a reporting unit, the full amount of the reduction in spending counts as a covered spending cut and may be included in aggregate spending cuts. If the recipient has spent amounts received from the Fiscal Recovery Funds, such amounts generally would be deemed to have replaced the amount of spending cut, and only reductions in spending above the amount of Fiscal Recovery Funds spent on the reporting unit would be eligible to offset a reduction in net tax revenue. Only such amounts above the amount of Fiscal Recovery Funds spent on the reporting unit should be included in the aggregate of spending cuts.

To align with existing reporting and accounting, the Interim Final Rule considers the department, agency, or authority from which spending has been cut and whether the recipient government has spent amounts received from the Fiscal Recovery Funds on that same department, agency, or authority. Recipients may also choose to report at a more granular sub-department level. Recipients are encouraged to define and report spending in departments, sub-departments (e.g., bureaus), agencies, or authorities (each a "reporting unit") in a manner consistent with their existing budget process and should, to the extent possible, report using the same reporting unit in each reporting year. For example, if a State health department maintains separate budgets for different units (e.g., medical and public health units), those units may be reported and considered separately. Spending cuts must be reported relative to FY 2019 spending levels, adjusted for inflation, and excluding Fiscal Recovery Funds from reporting year spending levels.

Recipients should maintain records regarding spending cuts. As discussed in the Interim Final Rule, in order to help ensure governments use Fiscal Recovery Funds in a manner consistent with the prescribed eligible uses and do not use Fiscal Recovery Funds to indirectly offset a reduction in net tax revenue resulting from a covered change, Treasury will monitor changes in spending throughout the covered period. Evasions of the Tax Offset Provision may be subject to recoupment.

Appendix 1: Expenditure Categories

The Expenditure Categories (EC) listed below must be used to categorize each project as noted in Part 2 above. The term "Expenditure Category" refers to the detailed level (e.g., 1.1 COVID-10 Vaccination). When referred to as a category (e.g., EC 1) it includes all Expenditure Categories within that level.

1: Public Health	
1.1	COVID-19 Vaccination ^
1.2	COVID-19 Testing ^
1.3	COVID-19 Contact Tracing
1.4	Prevention in Congregate Settings (Nursing Homes, Prisons/Jails, Dense Work Sites, Schools, etc.)*
1.5	Personal Protective Equipment
1.6	Medical Expenses (including Alternative Care Facilities)
1.7	Capital Investments or Physical Plant Changes to Public Facilities that respond to the COVID-19 public health emergency
1.8	Other COVID-19 Public Health Expenses (including Communications, Enforcement, Isolation/Quarantine)
1.9	Payroll Costs for Public Health, Safety, and Other Public Sector Staff Responding to COVID-19
1.10	Mental Health Services*
1.11	Substance Use Services*
1.12	Other Public Health Services
2: Negative Economic Impacts	
2.1	Household Assistance: Food Programs* ^
2.2	Household Assistance: Rent, Mortgage, and Utility Aid* ^
2.3	Household Assistance: Cash Transfers* ^
2.4	Household Assistance: Internet Access Programs* ^
2.5	Household Assistance: Eviction Prevention* ^
2.6	Unemployment Benefits or Cash Assistance to Unemployed Workers*
2.7	Job Training Assistance (e.g., Sectoral job-training, Subsidized Employment, Employment Supports or Incentives)* ^
2.8	Contributions to UI Trust Funds
2.9	Small Business Economic Assistance (General)* ^
2.10	Aid to Nonprofit Organizations*
2.11	Aid to Tourism, Travel, or Hospitality
2.12	Aid to Other Impacted Industries
2.13	Other Economic Support* ^
2.14	Rehiring Public Sector Staff
3: Services to Disproportionately Impacted Communities	
3.1	Education Assistance: Early Learning* ^
3.2	Education Assistance: Aid to High-Poverty Districts ^
3.3	Education Assistance: Academic Services* ^
3.4	Education Assistance: Social, Emotional, and Mental Health Services* ^
3.5	Education Assistance: Other* ^
3.6	Healthy Childhood Environments: Child Care* ^
3.7	Healthy Childhood Environments: Home Visiting* ^
3.8	Healthy Childhood Environments: Services to Foster Youth or Families Involved in Child Welfare System* ^

3.9	Healthy Childhood Environments: Other* ^
3.10	Housing Support: Affordable Housing* ^
3.11	Housing Support: Services for Unhoused Persons* ^
3.12	Housing Support: Other Housing Assistance* ^
3.13	Social Determinants of Health: Other* ^
3.14	Social Determinants of Health: Community Health Workers or Benefits Navigators* ^
3.15	Social Determinants of Health: Lead Remediation ^
3.16	Social Determinants of Health: Community Violence Interventions* ^
4: Premium Pay	
4.1	Public Sector Employees
4.2	Private Sector: Grants to Other Employers
5: Infrastructure[27]	
5.1	Clean Water: Centralized Wastewater Treatment
5.2	Clean Water: Centralized Wastewater Collection and Conveyance
5.3	Clean Water: Decentralized Wastewater
5.4	Clean Water: Combined Sewer Overflows
5.5	Clean Water: Other Sewer Infrastructure
5.6	Clean Water: Stormwater
5.7	Clean Water: Energy Conservation
5.8	Clean Water: Water Conservation
5.9	Clean Water: Nonpoint Source
5.10	Drinking water: Treatment
5.11	Drinking water: Transmission & Distribution
5.12	Drinking water: Transmission & Distribution: Lead Remediation
5.13	Drinking water: Source
5.14	Drinking water: Storage
5.15	Drinking water: Other water infrastructure
5.16	Broadband: "Last Mile" projects
5.17	Broadband: Other projects
6: Revenue Replacement	
6.1	Provision of Government Services
7: Administrative	
7.1	Administrative Expenses
7.2	Evaluation and Data Analysis
7.3	Transfers to Other Units of Government
7.4	Transfers to Non-entitlement Units (States and territories only)

*Denotes areas where recipients must identify the amount of the total funds that are allocated to evidence-based interventions (see Use of Evidence section above for details)

^Denotes areas where recipients must report on whether projects are primarily serving disadvantaged communities (see Project Demographic Distribution section above for details)

[27] Definitions for water and sewer Expenditure Categories can be found in the EPA's handbooks. For "clean water" expenditure category definitions, please see: https://www.epa.gov/sites/production/files/2018-03/documents/cwdefinitions.pdf. For "drinking water" expenditure category definitions, please see: https://www.epa.gov/dwsrf/drinking-water-state-revolving-fund-national-information-management-system-reports.

Appendix 2: Evidenced-Based Intervention Additional Information

What is evidence-based?
For the purposes of the SLFRF, evidence-based refers to interventions with strong or moderate evidence as defined below:

Strong evidence means the evidence base that can support causal conclusions for the specific program proposed by the applicant with the highest level of confidence. This consists of one or more well-designed and well-implemented experimental studies conducted on the proposed program with positive findings on one or more intended outcomes.

Moderate evidence means that there is a reasonably developed evidence base that can support causal conclusions. The evidence base consists of one or more quasi-experimental studies with positive findings on one or more intended outcomes OR two or more non-experimental studies with positive findings on one or more intended outcomes. Examples of research that meet the standards include: well-designed and well-implemented quasi-experimental studies that compare outcomes between the group receiving the intervention and a matched comparison group (i.e., a similar population that does not receive the intervention).

Preliminary evidence means that the evidence base can support conclusions about the program's contribution to observed outcomes. The evidence base consists of at least one non-experimental study. A study that demonstrates improvement in program beneficiaries over time on one or more intended outcomes OR an implementation (process evaluation) study used to learn and improve program operations would constitute preliminary evidence. Examples of research that meet the standards include: (1) outcome studies that track program beneficiaries through a service pipeline and measure beneficiaries' responses at the end of the program; and (2) pre- and post-test research that determines whether beneficiaries have improved on an intended outcome.

Revision Log

Version	Date Published	Summary of changes
1.0	June 17, 2021	Initial publication
1.1	June 24, 2021	• Pg. 12, removed references to "summary" level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion. • Pg. 13, revised the coverage period end date for the Interim Report from June 30, 2021 to July 31, 2021 to align with the IFR. • Pg. 13, removed references to "summary" level with respect to reporting by Expenditure Categories in the Interim Report to avoid confusion. • Pg. 31, removed references to "summary level" with respect to Expenditure Categories in Appendix 1 to avoid confusion.


THE DEPARTMENT OF THE TREASURY
1789

ATTACHMENT D

SCOPE OF WORK

The Board of Commissioners is directing up to $210,000 to be disbursed to the Subrecipient using Federal ARPA funding to cover any gaps in funding for the six Forks homes currently on hold and other similar affordable housing projects located in Clallam County that low families are participating in building through its Mutual Self-Help Program and that qualify for assistance under its Down Payment Assistance Program. As funds are needed to address immediate cash flow of the Mutual Self-Help program which relies on available funding through the Subrecipient's Down Payment Assistance program to cover home build funding gaps once USDA loan funds are exhausted, the County agrees to disburse funds to the Subrecipient upon execution of this Agreement conditioned that such funds are utilized in support of completion of the six Forks homes through the Subrecipient's Mutual Self-Help program or other similar affordable housing projects in Clallam County eligible under its Down Payment Assistance Program and that such funds are expended no later than December 31, 2024.

Expenses under this grant must meet the eligibility criteria outlined below:

1. **Eligible Uses of Funds**

   Funds are to be used for affordable housing construction expenses incurred from March 1, 2021 thru December 31, 2024 incurred by the client of the Subrecipient through its Down Payment Assistance program for affordable housing units being built in Clallam County for low income households with incomes of 50-80% of County AMI or less, and meeting the Subrecipient's other eligibility criteria for its Mutual Self-Help home ownership program and Down Payment Assistance Program.

2. **Program Funding and Award Amount**

   The County shall make $210,000 of ARPA funds available that will be paid to Subrecipient upon execution of this Agreement.

3. **Reporting**

   The Subrecipient will provide an A-19 equivalent report, other supporting documentation detailing the eligible costs for which funds were disbursed by the Subrecipient, and signed certification detailing affordable housing construction costs for each affordable housing unit project funded by the ARPA funds received by the Subrecipient, including indication of the respective affordable housing project recipient's household income level as a percentage of County AMI, until such funds are fully depleted.

   Within 30 days of funds being fully depleted, the Subrecipient shall provide an executive summary narrative describing how the funds granted under this Agreement were utilized in support of affordable housing projects for low income households in Clallam County.

12
10/18/21
Cont WS @
1 pm

AGENDA ITEM SUMMARY

(Must be submitted NLT 3PM Wednesday for next week agenda)

Department: Finance

CONTINUED WORK SESSION

WORK SESSION ☒ **Meeting Date:** **10/18/2021** 1 PM

REGULAR AGENDA ☐ **Meeting Date:**

Required originals approved and attached? ☒
Will be provided on:

Item summary:

☐ Call for Hearing ☐ Contract/Agreement/MOU - Contract #

☐ Resolution ☐ Proclamation ☐ Budget Item

☐ Draft Ordinance ☐ Final Ordinance ☒ Other Monthly Review

Documents exempt from public disclosure attached: ☐

EXECUTIVE SUMMARY--5 YEAR CAPITAL PLAN—2022-2026

Attached for review is the County's updated 5-year capital plan for 2022-2026. This is based on the 5 Year Capital Plan discussed with the BOCC last year, as updated and prioritized by the various departments earlier this year based on changing needs. The timing of presentation of this plan has been delayed to this point due to competing priorities relating to the ARPA grant administration efforts this year.

Consistent with the format that was presented last year, this 5 Year Plan is organized by "key strategic initiative" rather than by the originating department. Working in collaboration with the department heads and teams of Parks/Facilities, Roads and IT, we have organized capital requests by the following key strategic initiative categories:

- **EOC Relocation**
- **Courthouse Space Assessment & Re-Alignment**
- **Courthouse/Juvenile Services Building Security**
- **Jail Master Plan**
- **Juvie Master Plan**
- **Courthouse Facility Aging Infrastructure Initiatives**
- **Four IT Infrastructure Initiatives**, including:
  - **Virtualization**
  - **Network**
  - **Applications**
  - **Phone System**
- **Sewer System Repair/Replacement Initiatives**
- **Deep Water Well/Water Mitigation**
- **Disaster Recovery/Business Continuity**

- **ARPA Funded Capital Outlays**

Capital requests not fitting any of these key strategic initiatives were assigned to one of the following alternative categories:

- **Other Non-Recurring Capital Outlay**—meant to capture the "one-off" requests that do not fit a specific key strategic initiative.

- **Mandatory/Recurring/Regular Replacement**--at the request of the BOCC, this category includes capital requests relating to departments' ongoing, recurring operating needs, scheduled regular replacement of assets (PC replacements for example), and needed significant capital improvement/maintenance (roof replacement, etc) that can no longer be deferred, or other items that are of a mandatory nature. While still important to not lose sight of these "mandatory/recurring" items as their costs are generally funded through general fund and REET-supported funds and thus reduce the amount of funding available for the other key strategic initiatives, their grouping allows for better isolation and focus on the more strategic capital needs of the county.

- **Previously Approved Carry Over Capital Outlays**—this represents the 2021 capital projects approved by the BOCC as part of the 2021 budget that were not completed in 2021 that will be carried forward and completed in 2022.

- **Road Projects Supported Thru REET**—consistent with prior year, an amount of REET has been ear-marked in support of Roads projects, with 2022 totaling $1,100k, reflecting the $700k of recurring funding provided to Roads the past two years plus an additional $400k ask to help fund the cost of the Towne Road relocation on the new Lower Dungeness levy, with all remaining years reflecting the $700k funding level.

- **ER&R Supported Capital Outlays**—represents the total capital requests that are paid through the ER&R fund, broken down by those related to ER&R itself, those related to General Fund departments, and those related to the Roads department.

- **Non-Recurring Capital Fully Funded through Grants/Dedicated Funds (No General Fund/REET Funding Needed)**—this category was created to separately group those requests that are fully funded either via grant or through dedicated funding outside of the General Fund or REET funds. Those include Sheriff OPSCAN, Sheriff Operation Stonegarden, and Auditor—Document Preservation. Carving these requests out separately aids in identifying what capital project funding needs exist that are solely dependent on General Fund, REET and Opportunity Fund for funding.

Turning to the materials provided, they include:

- **Summary by Key Initiative—ALL FUNDS COMBINED--** which summarizes for 2022-2026 the capital requests for each initiative grouping listed above recommended for inclusion in the 5 Year Capital Plan;

- **Summary by Key Initiative by Fund--** which summarizes for 2022-2026 the capital requests for each initiative grouping listed above recommended for inclusion in the 5 Year Capital Plan, broken down by each Fund, and includes a Capital Funding Sources/(Uses) section at the end that shows each Fund's ability to fund the proposed capital by year and whether that fund will require funding from other sources (transfers from other funds, grants/loans, REET, Opportunity Fund, or the General Fund).

- **Detail by Fund/Priority**—provides a detail breakdown by Fund/Department for 2022-2026 of each capital request recommended for inclusion in the 5 Year Plan, again with a Capital Funding Sources/(Uses) section at the end that shows the Funds ability to fund the capital by year and whether that fund will require funding from other sources (transfers from other funds, grants/loans, REET, Opportunity Fund, or the General Fund).

- **Capital Outlays Eligible for Opportunity Fund**—this schedule provides a breakdown of those capital outlays that are clearly eligible to be funded from the Opportunity Fund, as well as those outlays that potentially may be eligible (with notes indicating under what circumstances these outlays could be Opportunity Fund-eligible). This schedule also includes a Capital Funding Sources/(Uses) section which shows the impact on the Opportunity Fund reserves if these potential outlays were funded by the Opportunity Fund

    - **Opportunity Fund Projected Sources & Committed Uses** —based on an updated analysis that was first done in February 2020 at the BOCC's request, I have included two schedules which project the revenues and committed expenditures of the Opportunity Fund through 2049. The first version measures how much additional funding capacity the Opportunity Fund would have for funding other debt service or granting of funds if the 5 Year Capital Plan potential Opportunity Fund-eligible capital outlays were funded through the Opportunity Fund, with the 2nd version measuring the same but also assuming the Opportunity Fund was used to fund a $2 million contribution to the Forks sewer system currently being considered.

- **Capital Outlays Recommended for Deferral by Fund**—this includes those items within the 5 Year Capital Plan that are proposed to be excluded from the 5 Year plan pending further discussion of underlying issues relating to the requests (i.e. space needs at the Courthouse, facility safety/security requests that will be revisited upon completion of a proposed building facility security/safety assessment study, or items best handled through the Department Request process).

- **Funding Need Analysis**—this schedule is broken down into three parts:
    - Projected Capital Funding Sources—which projects over the next 5 years the estimated capital funding sources we expect to have available to fund the general fund/REET dependent capital needs of the county based on projected inflows and outflows (including debt service costs of existing debt) for the following sources:
        - **Capital Project Fund**
        - **IT Capital Project Fund**
        - **REET I**
        - **REET II**
        - **Opportunity Fund**

- Remaining Capital Reserves Available to Fund Key Strategic Initiatives—this section takes the projected capital funding sources available to fund all capital needs and reduces it by the mandatory/recurring, previously approved carryovers, and Roads projects support from REET to calculate the estimated remaining capital reserves available to fund the key strategic initiative capital requests.

- Total Net Capital Requests by Priority, this calculates the Priority 1s, 2s, and 3s key strategic initiatives requiring general fund/REET funding (net of grant/loan funding) and then calculates the ending total capital reserves, if any, remaining after each group of Priority requests are funded.

- **Summary by Key Project Initiative with Priority Rankings**—which summarizes for 2022-2026 the capital requests for each initiative grouping listed above, with the amount for each year broken down by Priority need (1 RED--Critical, 2 YELLOW--High, and 3 GREEN—Moderate). Total capital requests are calculated, and then reduced by the amount of any grant/loan funding available to arrive at a net capital funding need for each year.

- **Capital Request Details by Key Strategic Initiative**-the detail capital requests making up each key strategic initiative, as well as those other categories previously mentioned, are included for additional reference, which also include request justification/comments provided for each item requested.

There are some notable assumptions, changes and placeholders within the capital plan that will need to be further discussed or researched/evaluated, including:

- **EOC Relocation**— based on the presentation of the proposed Joint Public Safety Facility presented to the BOCC on September 14, 2020 and an update provided in earlier in 2021, this key initiative has been updated to reflect the following assumptions:
  - 2022-2023—the County's direct share of construction costs of approximately $4.2 million are evenly split between 2022 and 2023 and currently are reflected as being partly funded by the $1.176 million state appropriation grant rec'd from Commerce (which must be accepted no later than 6/30/2023 to guarantee funds availability), with the remainder assumed to be funded by the General Fund absent any further loans/grants that are identified. While efforts are ongoing by the Sheriff's department in trying secure grant funding for this project, it appears unlikely we will be successful in securing sufficient additional funding to fully cover the entire construction cost of the project.
  - It's also worth mentioning that nothing is currently reflected in the 5 year capital plan relating to PENCOM's share of costs related to this project and potentially funding support sought by City of PA from the County under the PENCOM ILA.

- **Jail Master Plan**—while some immediate needs are quantified for the Jail (replacement of the control panel which is currently underway, jail smoke detector upgrades), there are some additional space needs that exist, including relocating the Jail Medical unit to address deficiencies in the existing examination room and work space provided for the Jail Medical staff. While not included in the recommended 5

Year capital plan pending further discussions, the Sheriff's Department submitted a request of $1.025 million proposing the acquisition of a building across from the Courthouse to allow for relocation of certain Sheriff personnel to free-up space for the Jail Medical staff.

- **Courthouse/Juvie Facility Building Security**—while several projects are slated in the 5 year plan to address aging building security door access systems and upgrading our facilities camera systems to provide improved security monitoring of our buildings, several departments including the Courts, Juvie, Prosecuting Attorney have submitted requests to improve facility security access to their areas. In an effort to develop a comprehensive plan to address these concerns and prior to further building security improvements being completed, Facilities has requested that a courthouse-wide and juvie facility security assessment study be completed so that we can be insure changes made adequately and cost-effectively address any security needs. A $70k capital outlay for this study is reflected in 2022 in the 5 year capital plan.

- **Courthouse Space Issues—**multiple departments, including the Auditor's Office, WSU and others, have submitted requests for space renovation/expansion costs based on pressing needs they have as their current space is inadequate to accommodate added staff, social distancing precautions being taken, etc. As a possible solution to freeing up space at the Courthouse to help accommodate some of these needs, an evaluation is underway of the Old Juvie Building as a possible source for additional office space. Since the transition of remaining Sheriff's personnel from this building several years ago, a portion of this building has been utilized to store various departments' archival records. However, there is considerable unused office space available at the building that could potentially be repurposed to address space constraints at the Courthouse for certain departments. Costs to address some known issues of this space are being compiled (water pipe leak, lighting upgrades, window replacement, etc), and are not yet reflected in the capital plan.

- **Migration to New Enterprise Systems**--several aging System Applications within the Finance (Eden), Treasurer (Computech), and Assessor (PACs) offices have placeholders with estimated costs included in the capital plan, but still require further research and guidance by these areas.

- **Dungeness Off-Channel Reservoir**—included under the Key Strategic Initiative "Deep Water Well/Water Mitigation", the Dungeness Off-Channel Reservoir has been added to the 2022-2026 Capital Plan. The capital plan currently reflects a $32.9 funding costs for the project based on guidance provided by the County's hydrogeologist, with approximately $6.9 million of grant funding available going into 2022. While further grant funding to finance the remainder of this project has yet to be secured, the 5 year capital plan currently reflects the full cost of the project, with funding assumed to come 100% from existing and to-be-determined grant sources.

- **Clallam Bay/Sekiu Sewer—**in addition to reflecting the Dept of Ecology grant/loan/forgivable loan- funded system collection project continuing ($5.658 million), the 5 Year capital plan reflects the addition of $2.35 million to reflect a 5 year project to rebuild each of the remaining 5 pump stations at the Clallam Bay Sekiu

sewer, which based on their almost 50-year age and the failure of one pump station in 2021, is deemed needed to insure the continued functioning of the sewer. Public Works is in the process of preparing a summary comprehensive facilities plan for this sewer/wastewater system which will be presented to the BOCC in the near future.

EXECUTIVE SUMMARY—2022 PROPOSED CAPITAL BUDGET

In conjunction with presentation of the updated 5 Year Capital Plan, attached is the breakdown of capital outlay requests that was discussed as part of the 2022 Administrator Recommended Budget that was presented to the BOCC on October 11th, as well as those requests that we propose be deferred at this point. These materials include the following:

- **2022 Preliminary Capital Outlay Budget—By Fund**—which lists all proposed capital requests sorted by department and fund. Also included at the bottom of this schedule is a Capital Funding Sources and Uses Summary that outlines which fund we propose be used to finance the proposed capital outlays, and the budgeted beginning and ending fund balance and projected revenue and other non-capital expenditures of each respective source fund for 2021;

- **2022 Preliminary Capital Outlay Budget—By Key Strategic Capital Project**--includes a summary of the proposed capital spending for 2021 by key strategic initiative/grouping category created for the capital planning process; and

- **2022 Proposed Capital Requests Excluded from 2022 Budget**—reflects those lower priority capital requests which we recommend be deferred based on current funding limits, level of priority, and as part of cost savings measures being undertaken next year (most notably the deferral of new vehicle replacements in all General Fund-funded departments in 2021).

- **CAPITAL REQUESTS**—we are proposing a total $16,072,730 of capital outlays for the 2022 budget, and deferring $1,790,000 of requests identified in the 2022 capital plan. The recommended capital outlays are proposed to be funded through the following sources (source: "Proposed Capital Requests to Include in 2022 Budget" attachment):

  - Parks & Facilities Capital Projects Fund--$2,385,000 (consisting of the first half of the EOC construction phase ($2.1 million), of which $1.176 million is funded through a Dept of Commerce Grant approved as part of the 2021-23 biennium that must be accepted by 6/30/2023 to guarantee the funds are available; also included are $115k for PFF Unanticipated Projects, $70k to fund a Building Facility Security and Safety Study, and $100k for the painting of Camp David Jr); the capital outlays from this fund will require a Transfer from the General Fund of $777k.

  - IT Capital Projects Fund--$468,030 (mainly relating to fund the redesign and replacement of the County website—$100k, upgrading the County's tape backup system to a VEEM-Network Data Back Up system which will reduce the County's disaster recovery time from 45-60 days to a few days--$125k, implementation costs of the County's transition to MS

Office 365--$30k, and funding for recurring replacement cycle for PCs/laptops and UPS battery backup); the capital outlays from this fund will require a Transfer from the General Fund of $239k.

- REET 1--$2,163,000 (consisting of $1,728,000 of capital outlays, with major items including the continued replacement of the Courthouse VAV HVAC air system boxes ($800k), a Fairgrounds Site and Security Lighting and Power Project ($100k, which would be 50% grant funded); rebuilding of the Courthouse HVAC SF-1 system ($100k), replacement of the PLC door controls at the Juvie facility to address a safety issue ($200k), and to replace and expand the Courthouse Access Control Card Readers, Recording and Camera systems to enhance facility monitoring, security and address safety concerns. Also to be funded through REET are $435k of transfers to the Carlsborg Deep Water Well ($185k) and Carlsborg Sewer fund ($250k) to fund completion of the Gupster Road sewer extension project approved in the 2021 budget);

- REET 2--$2,331,319 (consisting of $1,465k of capital outlays (including $1,100k to Roads to fund 2022 road projects which includes an additional $400k ask in 2022 to help fund the rebuild of Towne Road on the new Lower Dungeness Levy, installation of 3 electric car charging stations at the Courthouse ($100k, of which $68k is grant funded), and $225k of carryover Courthouse irrigation/planter/sidewalk replacements), plus $866k of transfers to the Clallam Bay Sekiu Sewer fund ($718k) to fund a 5 year project to replace each of the systems five pump stations ($470k), replace the drive bearings for the systems' remaining four biological contactors ($80k), as well as subsidize this fund to fully cover its operating costs ($168k));

- General Fund--$330,800 (consisting primarily $251k of Sheriff Operations/Jail/Emergency Services items ($177k of which is for vehicle ERR replacement and vehicle equipment for the scheduled replacement of 5 patrol vehicles, with remainder for ballistic vests replacements, patrol rifle upgrades, and server/software needs), Auditor ($27k), DCD ($18k), Prosecuting Attorney ($35k). As noted earlier, Transfers from General Fund will be needed for the Parks & Facilities Capital fund ($777k) and IT Capital Projects fund ($239k) to fully fund the 2022 capital projects in these funds (these transfers of $1,016k will be included in the 2020 Proposed Budget);

- Other Funds Capital Outlays
  - OPSCAN--$175k
  - Operation Stonegarden--$33k
  - Carlsborg Sewer--$613k (including $250k for the previously approved Gupster project (REET funded), and $240k for the Savannah/Village Lane extension (proposed to use Opportunity Funds)
  - Clallam Bay Sekiu--$2,150k (includes $1.6 million DOE grant funded collection system rebuild project, $470k to replace one of five pump stations (REET 2 transfer funded), and $80k to replace all bearings on remaining four biological contactors (REET 2 transfer funded);
  - ER&R--$2,205k, consisting of vehicle and equipment replacements for Roads of $1.655 million and $420k for General Fund;
  - ARPA--$250k for Bipolar Ionization Air Purification System for County facilities to reduce airborne illness risks (BOCC approved usage of ARPA funds); and

- Dungeness Off Channel Reservoir--$3.7 million of next phase of Dungeness Off Channel Reservoir Project (100% grant funded through grants rec'd to date).

In summarizing the total recommended capital spend by the key strategic initiative or summary categories we grouped our 2022-2026 capital plans according to, the 2022 Administrator recommended budget proposes the following spending by key initiative/grouping:

- **EOC Relocation**--$2,100,000
- **Courthouse/Juvenile Services Building Security**--$370,000
- **Courthouse Facility Aging Infrastructure Initiatives**--$840,000 (consisting of $800k for VAV Air System Box replacements);
- **Disaster Recovery/Business Continuity**--$137,000
- **IT Infrastructure Initiatives**, including:
  - **Applications**--$149,000
- **Sewer System Repair/Replacement Initiatives**--$2,150,000 (relating to Clallam Bay/Sekiu collection overflow project which will be 100% funded through Ecology grant/loan ($1.6 million), pump station replacement ($470k), and biological contactor bearing replacement ($80k))
- **Deep Water Well/Water Mitigation**--$3,950,000 ($250k Carlsborg Water Mitigation, $3.7 million Dungeness Off Channel Reservoir (100% grant funded)
- **Other Non-Recurring Capital Outlay**—$618,000 (fairgrounds security lighting project ($100k), courthouse HVAC re-build ($100k), Juvie replacement of PLC Door Controls ($200k), Electric Car Charging Stations ($100k, 68% grant funded)
- **Mandatory/Recurring/Regular Replacement**--$854,830
- **Previously Approved Carry Over Capital Outlays**—$841,000
- **Road Projects Supported Thru REET**—$1,100,000
- **Non-Recurring Capital Fully Funded through Grants/Dedicated Funds (No General Fund/REET Funding Needed)**—$508,300
- **ER&R Funded Capital Outlays**--$2,204,600
- **ARPA Funded Capital Outlays**--$250,000 (building HVAC air purification system).

  - **TOTAL--$16,072,730**

Based on feedback received during this discussion and as we move through the 2022 budgeting process, we will adjust the 2022 budget accordingly as well as update the 2022-2026 5-year capital plan.

We plan to have Joel Winborn, Director of Parks and Facilities and Ross Tyler, Director of Public Works available at the discussion to cover any request specific questions regarding the 5 Year Capital Plan or 2022 Recommended Capital Budget.

Budgetary impact: (Is there a monetary impact? If so, are funds for this already allocated or is a budget change necessary? If this is a contract and a budget change is necessary, the budget change form must be submitted with the item at work session and for the regular agenda) **If a budget action is required, has it been submitted and a copy attached?** ☐

This discussion provides an in-depth review of capital outlays included in the 2022 Recommended Budget submitted on October 11, 2021. Outcome of discussions may result in additional changes made to the 2022 capital budget.

Recommended action: (Does the Board need to act? If so, what is the department's recommendation?)

County Official signature & print name: _____Mark Lane_____

Name of Employee/Stakeholder attending meeting: _____Mark Lane_____

Relevant Departments: _____Finance, Parks & Facilities, Roads_____

Date submitted:

October 12, 2021

CLALLAM COUNTY
5 YEAR CAPITAL PLAN--DRAFT
2022-2026

CLALLAM COUNTY

2022-2026 PROPOSED 5 YEAR CAPITAL--SUMMARY BY KEY INITIATIVE

CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?	Y
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	ALL FUNDS				
Row Labels	2022	2023	2024	2025	2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	$ 840,000	$ 3,375,000	$ 3,560,000	$ 800,000	$ 800,000
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	$ 370,000		$ -		
DEEP WATER WELL/WATER MITIGATION	$ 3,950,000	$ 3,800,000	$ 7,400,000	$ 9,000,000	$ 9,000,000
DISASTER RECOVERY/BUSINESS CONTINUITY	$ 137,000	$ -	$ -	$ 12,000	$ -
EOC RELOCATION	$ 2,100,000	$ 2,100,000			
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	$ 149,000		$ 750,000		
JUVIE MASTER PLAN	$ -	$ 1,325,000	$ 227,500	$ 800,000	$ -
MANDATORY/RECURRING/REGULAR REPLACEMENT	$ 854,830	$ 1,201,800	$ 576,800	$ 656,800	$ 566,800
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	$ 508,300	$ 587,000	$ 275,000	$ 270,000	$ 225,000
OTHER NON-RECURRING CAPITAL OUTLAY	$ 618,000	$ 153,300	$ 20,500	$ 1,215,000	$ 15,000
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	$ 841,000	$ -	$ -	$ -	$ -
ROADS PROJECTS SUPPORTED THRU REET	$ 1,100,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	$ 2,150,000	$ 2,870,000	$ 1,190,000	$ 970,000	$ 908,000
ER&R SUPPORTED THRU ERR	$ 130,000	$ 130,000	$ 130,000	$ 130,000	$ 130,000
ER&R SUPPORTED THRU GENERAL FUND	$ 419,600	$ 216,300	$ 222,789	$ 229,473	$ 236,357
ER&R SUPPORTED THRU ROADS	$ 1,655,000	$ 863,725	$ 863,725	$ 863,725	$ 863,725
ARPA FUNDED CAPITAL OUTLAYS--OTHER	$ 250,000				
Grand Total	**$ 16,072,730**	**$ 17,322,125**	**$ 15,916,314**	**$ 15,646,998**	**$ 13,444,882**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY KEY INITIATIVE BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?	Y
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	GENERAL FUND					OPSCAN				
Column Labels	00100					11065				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES										
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY										
DEEP WATER WELL/WATER MITIGATION										
DISASTER RECOVERY/BUSINESS CONTINUITY										
EOC RELOCATION										
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS										
JUVIE MASTER PLAN			$ 75,000							
MANDATORY/RECURRING/REGULAR REPLACEMENT	$ 264,800	$ 170,800	$ 170,800	$ 170,800	$ 170,800					
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)						$ 175,000	$ 177,000	$ 175,000	$ 170,000	$ 125,000
OTHER NON-RECURRING CAPITAL OUTLAY	$ 38,000	$ 48,300	$ 20,500	$ 15,000	$ 15,000					
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	$ 28,000									
ROADS PROJECTS SUPPORTED THRU REET										
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES										
ER&R SUPPORTED THRU ERR										
ER&R SUPPORTED THRU GENERAL FUND										
ER&R SUPPORTED THRU ROADS										
ARPA FUNDED CAPITAL OUTLAYS--OTHER										
Grand Total	**$ 330,800**	**$ 219,100**	**$ 266,300**	**$ 185,800**	**$ 185,800**	**$ 175,000**	**$ 177,000**	**$ 175,000**	**$ 170,000**	**$ 125,000**

CAPITAL FUNDING SOURCES/(USES)										
BEGINNING FUND BALANCE	$ -	$ -	$ -	$ -	$ -	**$ 582,902**	**$ 546,401**	**$ 510,670**	**$ 479,764**	**$ 456,741**
INFLOW FUNDING	$ -	$ -	$ -	$ -	$ -	$ 398,232	$ 406,197	$ 414,321	$ 422,607	$ 431,059
EXPENDITURES (BEFORE CAPITAL)	$ -	$ -	$ -	$ -	$ -	$ (259,733)	$ (264,928)	$ (270,226)	$ (275,631)	$ (281,143)
CAPITAL OUTLAYS (PER ABOVE)	$ -	$ -	$ -	$ -	$ -	$ (175,000)	$ (177,000)	$ (175,000)	$ (170,000)	$ (125,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	$ -	$ -	$ -	$ -	$ -	**$ 546,401**	**$ 510,670**	**$ 479,764**	**$ 456,741**	**$ 481,656**
TRANSFERS BETWEEN FUNDS	**$ (19,600)**	**$ (19,600)**	**$ (19,600)**	**$ (19,600)**	**$ (19,600)**	$ -	$ -	$ -	$ -	$ -
OTHER GRANTS/LOAN FUNDING NEEDED	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ADDITIONAL REET FUNDING REQUIRED	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPPORTUNITY FUND FUNDING REQUIRED	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
GENERAL FUND FUNDING REQUIRED	**$ 311,200**	**$ 199,500**	**$ 199,500**	**$ 199,500**	**$ 199,500**	$ -	$ -	$ -	$ -	$ -
ENDING FUND BALANCE--ADJUSTED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 546,401**	**$ 510,670**	**$ 479,764**	**$ 456,741**	**$ 481,656**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY KEY INITIATIVE BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	OPERATION STONEGARDEN					AUDITOR--DOCUMENT PRESERVATION					REET 1				
	11068					12401					30101				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES											$ 800,000	$ 1,695,000	$ 2,580,000	$ 800,000	$ 800,000
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY											$ 300,000		$ -		
DEEP WATER WELL/WATER MITIGATION															
DISASTER RECOVERY/BUSINESS CONTINUITY															
EOC RELOCATION															
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS															
JUVIE MASTER PLAN												$ 1,325,000		$ -	$ -
MANDATORY/RECURRING/REGULAR REPLACEMENT											$ 70,000	$ 145,000	$ 70,000	$ 70,000	$ 70,000
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	$ 33,300	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 300,000	$ 310,000								
OTHER NON-RECURRING CAPITAL OUTLAY											$ 480,000	$ 105,000	$ -	$ 1,200,000	
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS						$ 20,000					$ 78,000				
ROADS PROJECTS SUPPORTED THRU REET															
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES															
ER&R SUPPORTED THRU ERR															
ER&R SUPPORTED THRU GENERAL FUND															
ER&R SUPPORTED THRU ROADS															
ARPA FUNDED CAPITAL OUTLAYS--OTHER															
Grand Total	**$ 33,300**	**$ 100,000**	**$ 100,000**	**$ 100,000**	**$ 100,000**	**$ 320,000**	**$ 310,000**				**$ 1,728,000**	**$ 3,270,000**	**$ 2,650,000**	**$ 2,070,000**	**$ 870,000**
CAPITAL FUNDING SOURCES/(USES)															
BEGINNING FUND BALANCE	**$ 52,719**	**$ 60,447**	**$ 68,996**	**$ 79,715**	**$ 92,649**	**$ 564,332**	**$ 236,355**	**$ -**	**$ -**	**$ -**	**$ 1,519,529**	**$ 896,121**	**$ -**	**$ -**	**$ -**
INFLOW FUNDING	$ 559,833	$ 571,030	$ 582,450	$ 594,099	$ 605,981	$ 130,000	$ 132,600	$ 135,252	$ 137,957	$ 140,716	$ 1,490,000	$ 1,519,800	$ 1,550,196	$ 1,581,200	$ 1,612,824
EXPENDITURES (BEFORE CAPITAL)	$ (518,805)	$ (462,481)	$ (471,731)	$ (481,165)	$ (490,789)	$ (137,977)	$ (150,737)	$ (153,751)	$ (156,826)	$ (159,963)	$ -	$ -	$ -	$ -	$ -
CAPITAL OUTLAYS (PER ABOVE)	$ (33,300)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)	$ (320,000)	$ (310,000)	$ -	$ -	$ -	$ (1,728,000)	$ (3,270,000)	$ (2,650,000)	$ (2,070,000)	$ (870,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ 60,447**	**$ 68,996**	**$ 79,715**	**$ 92,649**	**$ 107,842**	**$ 236,355**	**$ (91,782)**	**$ (18,499)**	**$ (18,869)**	**$ (19,247)**	**$ 1,281,529**	**$ (854,079)**	**$ (1,099,804)**	**$ (488,800)**	**$ 742,824**
TRANSFERS BETWEEN FUNDS	**$ -**	**$ -**	**$ -**	**$ -**	**0**	**0**	**0**	**0**	**0**	**0**	**$ (435,408)**	**0**	**0**	**0**	**0**
OTHER GRANTS/LOAN FUNDING NEEDED	**$ -**	**$ -**	**$ -**	**$ -**	**0**	**0**	**0**	**0**	**0**	**0**	**$ 50,000**	**0**	**0**	**0**	**0**
ADDITIONAL REET FUNDING REQUIRED	**$ -**	**$ -**	**$ -**	**$ -**	**0**	**0**	**0**	**0**	**0**	**0**	$ -	**0**	**0**	**0**	**0**
OPPORTUNITY FUND FUNDING REQUIRED	**$ -**	**$ -**	**$ -**	**$ -**	**0**	**0**	**0**	**0**	**0**	**0**	$ -	**0**	**0**	**0**	**0**
GENERAL FUND FUNDING REQUIRED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 91,782**	**$ 18,499**	**$ 18,869**	**$ 19,247**	**$ -**	**$ 854,079**	**$ 1,099,804**	**$ 488,800**	**$ -**
ENDING FUND BALANCE--ADJUSTED	**$ 60,447**	**$ 68,996**	**$ 79,715**	**$ 92,649**	**$ 107,842**	**$ 236,355**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 896,121**	**$ -**	**$ -**	**$ -**	**$ 742,824**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY KEY INITIATIVE BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	REET 2					PARKS/ FACILITIES--CAPITAL PROJECTS					IT CAPITAL PROJECTS				
Row Labels	30201 2022	2023	2024	2025	2026	30501 2022	2023	2024	2025	2026	30701 2022	2023	2024	2025	2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	$ 40,000	$ 980,000	$ 980,000	$ -	$ -		$ 700,000								
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY						$ 70,000									
DEEP WATER WELL/WATER MITIGATION															
DISASTER RECOVERY/BUSINESS CONTINUITY											$ 137,000	$ -	$ -	$ 12,000	$ -
EOC RELOCATION						$ 2,100,000	$ 2,100,000								
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS											$ 149,000		$ 750,000		
JUVIE MASTER PLAN	$ -		$ 125,000			$ -		$ 27,500	$ 800,000						
MANDATORY/RECURRING/REGULAR REPLACEMENT						$ 215,000	$ 205,000	$ 115,000	$ 115,000	$ 115,000	$ 182,030	$ 358,000	$ 148,000	$ 148,000	$ 148,000
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)															
OTHER NON-RECURRING CAPITAL OUTLAY	$ 100,000	$ -	$ -	$ -	$ -										
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	$ 225,000	$ -	$ -	$ -	$ -										
ROADS PROJECTS SUPPORTED THRU REET	$ 1,100,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000										
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES															
ER&R SUPPORTED THRU ERR															
ER&R SUPPORTED THRU GENERAL FUND															
ER&R SUPPORTED THRU ROADS															
ARPA FUNDED CAPITAL OUTLAYS--OTHER															
Grand Total	**$ 1,465,000**	**$ 1,680,000**	**$ 1,805,000**	**$ 700,000**	**$ 700,000**	**$ 2,385,000**	**$ 3,005,000**	**$ 142,500**	**$ 915,000**	**$ 115,000**	**$ 468,030**	**$ 358,000**	**$ 898,000**	**$ 160,000**	**$ 148,000**
CAPITAL FUNDING SOURCES/(USES)															
BEGINNING FUND BALANCE	**$ 1,427,282**	**$ 653,963**	**$ 149,955**	**$ -**	**$ 668,380**	**$ 431,535**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 258,606**	**$ -**	**$ -**	**$ -**	**$ -**
INFLOW FUNDING	$ 1,490,000	$ 1,519,800	$ 1,550,196	$ 1,581,200	$ 1,612,824	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
EXPENDITURES (BEFORE CAPITAL)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (30,000)	$ (30,600)	$ (31,212)	$ (31,836)	$ (32,473)
CAPITAL OUTLAYS (PER ABOVE)	$ (1,465,000)	$ (1,680,000)	$ (1,805,000)	$ (700,000)	$ (700,000)	$ (2,385,000)	$ (3,005,000)	$ (142,500)	$ (915,000)	$ (115,000)	$ (468,030)	$ (358,000)	$ (898,000)	$ (160,000)	$ (148,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ 1,452,282**	**$ 493,763**	**$ (104,849)**	**$ 881,200**	**$ 1,581,204**	**$ (1,953,465)**	**$ (3,005,000)**	**$ (142,500)**	**$ (915,000)**	**$ (115,000)**	**$ (239,424)**	**$ (388,600)**	**$ (929,212)**	**$ (191,836)**	**$ (180,473)**
TRANSFERS BETWEEN FUNDS	**$ (866,319)**	**$ (343,808)**	**$ (98,804)**	**$ (212,820)**	**$ (106,857)**	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**
OTHER GRANTS/LOAN FUNDING NEEDED	**$ 68,000**	**0**	**0**	**0**	**0**	**$ 1,176,000**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**
ADDITIONAL REET FUNDING REQUIRED	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**
OPPORTUNITY FUND FUNDING REQUIRED	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**
GENERAL FUND FUNDING REQUIRED	**$ -**	**$ -**	**$ 203,653**	**$ -**	**$ -**	**$ 777,465**	**$ 3,005,000**	**$ 142,500**	**$ 915,000**	**$ 115,000**	**$ 239,424**	**$ 388,600**	**$ 929,212**	**$ 191,836**	**$ 180,473**
ENDING FUND BALANCE--ADJUSTED	**$ 653,963**	**$ 149,955**	**$ -**	**$ 668,380**	**$ 1,474,347**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY KEY INITIATIVE BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	CARLSBORG WATER MITIGATION					PW--CLALLAM BAY/SEKIU SEWER					PW--CARLSBORG SEWER				
	30901					41401					42401				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES															
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY															
DEEP WATER WELL/WATER MITIGATION	$ 250,000	$ -	$ -	$ -	$ -										
DISASTER RECOVERY/BUSINESS CONTINUITY															
EOC RELOCATION															
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS															
JUVIE MASTER PLAN															
MANDATORY/RECURRING/REGULAR REPLACEMENT											$ 123,000	$ 323,000	$ 73,000	$ 153,000	$ 63,000
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)															
OTHER NON-RECURRING CAPITAL OUTLAY															
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS											$ 490,000				
ROADS PROJECTS SUPPORTED THRU REET															
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES						$ 2,150,000	$ 2,870,000	$ 1,190,000	$ 970,000	$ 908,000					
ER&R SUPPORTED THRU ERR															
ER&R SUPPORTED THRU GENERAL FUND															
ER&R SUPPORTED THRU ROADS															
ARPA FUNDED CAPITAL OUTLAYS--OTHER															
Grand Total	**$ 250,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,150,000**	**$ 2,870,000**	**$ 1,190,000**	**$ 970,000**	**$ 908,000**	**$ 613,000**	**$ 323,000**	**$ 73,000**	**$ 153,000**	**$ 63,000**

CAPITAL FUNDING SOURCES/(USES)

BEGINNING FUND BALANCE	**$ 64,592**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 200,000**	**$ 258,478**	**$ 331,348**	**$ 164,235**	**$ 143,140**	**$ 105,114**	**$ 82,274**	**$ 53,694**	**$ 29,121**	**$ 37,558**
INFLOW FUNDING	$ -	$ -	$ -	$ -	$ -	$ 1,925,522	$ 2,693,522	$ 1,019,392	$ 805,380	$ 749,488	$ 161,321	$ 164,547	$ 167,838	$ 171,195	$ 174,619
EXPENDITURES (BEFORE CAPITAL)	$ -	$ -	$ -	$ -	$ -	$ (434,783)	$ (443,479)	$ (452,348)	$ (461,395)	$ (470,623)	$ (209,741)	$ (213,936)	$ (218,215)	$ (222,579)	$ (227,030)
CAPITAL OUTLAYS (PER ABOVE)	$ (250,000)	$ -	$ -	$ -	$ -	$ (2,150,000)	$ (2,870,000)	$ (1,190,000)	$ (970,000)	$ (908,000)	$ (613,000)	$ (323,000)	$ (73,000)	$ (153,000)	$ (63,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ (185,408)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (459,261)**	**$ (361,478)**	**$ (291,608)**	**$ (461,780)**	**$ (485,996)**	**$ (556,306)**	**$ (290,114)**	**$ (69,683)**	**$ (175,262)**	**$ (77,853)**
TRANSFERS BETWEEN FUNDS	**$ 185,408**	**0**	**0**	**0**	**0**	**$ 717,739**	**$ 692,826**	**$ 455,843**	**$ 604,920**	**$ 623,858**	**$ 250,000**	**$ 343,808**	**$ 98,804**	**$ 212,820**	**$ 106,857**
OTHER GRANTS/LOAN FUNDING NEEDED	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**
ADDITIONAL REET FUNDING REQUIRED	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**	**$ 148,580**	**0**	**0**	**0**	**0**
OPPORTUNITY FUND FUNDING REQUIRED	**$ -**	**0**	**0**	**0**	**0**	**$ -**	**0**	**0**	**0**	**0**	**$ 240,000**	**0**	**0**	**0**	**0**
GENERAL FUND FUNDING REQUIRED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
ENDING FUND BALANCE--ADJUSTED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 258,478**	**$ 331,348**	**$ 164,235**	**$ 143,140**	**$ 137,862**	**$ 82,274**	**$ 53,694**	**$ 29,121**	**$ 37,558**	**$ 29,003**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY KEY INITIATIVE BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	ER&R					ARPA					DUNGENESS OFF CHANNEL RESERVOIR				
	50301					19961					30401				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES															
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY															
DEEP WATER WELL/WATER MITIGATION											$ 3,700,000	$ 3,800,000	$ 7,400,000	$ 9,000,000	$ 9,000,000
DISASTER RECOVERY/BUSINESS CONTINUITY															
EOC RELOCATION															
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS															
JUVIE MASTER PLAN															
MANDATORY/RECURRING/REGULAR REPLACEMENT															
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)															
OTHER NON-RECURRING CAPITAL OUTLAY															
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS															
ROADS PROJECTS SUPPORTED THRU REET															
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES															
ER&R SUPPORTED THRU ERR	$ 130,000	$ 130,000	$ 130,000	$ 130,000	$ 130,000										
ER&R SUPPORTED THRU GENERAL FUND	$ 419,600	$ 216,300	$ 222,789	$ 229,473	$ 236,357										
ER&R SUPPORTED THRU ROADS	$ 1,655,000	$ 863,725	$ 863,725	$ 863,725	$ 863,725										
ARPA FUNDED CAPITAL OUTLAYS--OTHER						$ 250,000									
Grand Total	**$ 2,204,600**	**$ 1,210,025**	**$ 1,216,514**	**$ 1,223,198**	**$ 1,230,082**	**$ 250,000**					**$ 3,700,000**	**$ 3,800,000**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**
CAPITAL FUNDING SOURCES/(USES)															
BEGINNING FUND BALANCE	**$ 2,879,550**	**$ 1,677,405**	**$ 1,489,884**	**$ 1,316,324**	**$ 1,156,940**	**$ 1,500,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 33,174**	**$ 33,174**	**$ -**	**$ -**	**$ -**
INFLOW FUNDING	$ 3,429,025	$ 3,497,606	$ 3,567,558	$ 3,638,909	$ 3,711,687	$ 7,501,875	$ -	$ -	$ -	$ -	$ 3,700,000	$ 3,200,000	$ -	$ -	$ -
EXPENDITURES (BEFORE CAPITAL)	$ (2,426,570)	$ (2,475,101)	$ (2,524,603)	$ (2,575,095)	$ (2,626,597)	$ (8,751,875)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CAPITAL OUTLAYS (PER ABOVE)	$ (2,204,600)	$ (1,210,025)	$ (1,216,514)	$ (1,223,198)	$ (1,230,082)	$ (250,000)	$ -	$ -	$ -	$ -	$ (3,700,000)	$ (3,800,000)	$ (7,400,000)	$ (9,000,000)	$ (9,000,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ 1,677,405**	**$ 1,489,884**	**$ 1,316,324**	**$ 1,156,940**	**$ 1,011,947**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 33,174**	**$ (566,826)**	**$ (7,400,000)**	**$ (9,000,000)**	**$ (9,000,000)**
TRANSFERS BETWEEN FUNDS	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OTHER GRANTS/LOAN FUNDING NEEDED	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**$ 566,826**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**
ADDITIONAL REET FUNDING REQUIRED	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
OPPORTUNITY FUND FUNDING REQUIRED	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
GENERAL FUND FUNDING REQUIRED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
ENDING FUND BALANCE--ADJUSTED	**$ 1,677,405**	**$ 1,489,884**	**$ 1,316,324**	**$ 1,156,940**	**$ 1,011,947**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 33,174**	**$ -**	**$ -**	**$ -**	**$ -**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY KEY INITIATIVE BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	TOTAL 5 YEAR CAPITAL PLAN				
Row Labels	Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	$ 840,000	$ 3,375,000	$ 3,560,000	$ 800,000	$ 800,000
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	$ 370,000		$ -		
DEEP WATER WELL/WATER MITIGATION	$ 3,950,000	$ 3,800,000	$ 7,400,000	$ 9,000,000	$ 9,000,000
DISASTER RECOVERY/BUSINESS CONTINUITY	$ 137,000	$ -	$ -	$ 12,000	$ -
EOC RELOCATION	$ 2,100,000	$ 2,100,000			
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	$ 149,000		$ 750,000		
JUVIE MASTER PLAN	$ -	$ 1,325,000	$ 227,500	$ 800,000	$ -
MANDATORY/RECURRING/REGULAR REPLACEMENT	$ 854,830	$ 1,201,800	$ 576,800	$ 656,800	$ 566,800
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	$ 508,300	$ 587,000	$ 275,000	$ 270,000	$ 225,000
OTHER NON-RECURRING CAPITAL OUTLAY	$ 618,000	$ 153,300	$ 20,500	$ 1,215,000	$ 15,000
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	$ 841,000	$ -	$ -	$ -	$ -
ROADS PROJECTS SUPPORTED THRU REET	$ 1,100,000	$ 700,000	$ 700,000	$ 700,000	$ 700,000
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	$ 2,150,000	$ 2,870,000	$ 1,190,000	$ 970,000	$ 908,000
ER&R SUPPORTED THRU ERR	$ 130,000	$ 130,000	$ 130,000	$ 130,000	$ 130,000
ER&R SUPPORTED THRU GENERAL FUND	$ 419,600	$ 216,300	$ 222,789	$ 229,473	$ 236,357
ER&R SUPPORTED THRU ROADS	$ 1,655,000	$ 863,725	$ 863,725	$ 863,725	$ 863,725
ARPA FUNDED CAPITAL OUTLAYS--OTHER	$ 250,000				
Grand Total	**$ 16,072,730**	**$ 17,322,125**	**$ 15,916,314**	**$ 15,646,998**	**$ 13,444,882**

CAPITAL FUNDING SOURCES/(USES)						
BEGINNING FUND BALANCE	**$ 9,619,335**	**$ 4,444,618**	**$ 2,604,546**	**$ 2,069,160**	**$ 2,555,406**	
INFLOW FUNDING	$ 20,785,808	$ 13,705,101	$ 8,987,203	$ 8,932,547	$ 9,039,198	
EXPENDITURES (BEFORE CAPITAL)	$ (12,769,484)	$ (4,041,261)	$ (4,122,086)	$ (4,204,528)	$ (4,288,619)	
CAPITAL OUTLAYS (PER ABOVE)	$ (15,741,930)	$ (17,103,025)	$ (15,650,014)	$ (15,461,198)	$ (13,259,082)	
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ 1,893,729**	**$ (2,994,567)**	**$ (8,180,351)**	**$ (8,664,019)**	**$ (5,953,096)**	
TRANSFERS BETWEEN FUNDS	**$ (168,180)**	**$ 673,226**	**$ 436,243**	**$ 585,320**	**$ 604,258**	
OTHER GRANTS/LOAN FUNDING NEEDED	**$ 1,294,000**	**$ 566,826**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**	
ADDITIONAL REET FUNDING REQUIRED	**$ 148,580**	**$ -**	**$ -**	**$ -**	**$ -**	
OPPORTUNITY FUND FUNDING REQUIRED	**$ 240,000**	**$ -**	**$ -**	**$ -**	**$ -**	
GENERAL FUND FUNDING REQUIRED	**$ 1,328,089**	**$ 4,538,961**	**$ 2,593,169**	**$ 1,814,006**	**$ 514,220**	**$ 10,788,443**

ENDING FUND BALANCE--ADJUSTED $ - $ - $ - $ - $ -

CLALLAM COUNTY

2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY

CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?	Y
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	GENERAL FUND					OPSCAN					OPERATION STONEGARDEN				
Column Labels	00100					11065					11068				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
00100.221--General Fund--Auditor															
1															
Cannon Printer/Copier #HRP01288	$ 8,500														
Capital Outlay--Ballot Drop Boxes	$ 18,000														
2															
Cannon Printer/Copier #QHM04033	$ -	$ 8,500													
00100.811--General Fund--Sheriff - Operations															
1															
Capital Outlay- Vehicle Equipment for new patrol cars	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000										
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies	$ 8,400	$ 8,400	$ 8,400	$ 8,400	$ 8,400										
Criminal Investigations Bureau Forensic Computer Server	$ 15,000														
Patrol Rifle Upgrade/Replacement	$ 18,000														
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License	$ 12,000	$ 6,400	$ 6,400	$ 6,400	$ 6,400										
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement	$ 27,042														
00100.815--General Fund--Sheriff - Jail															
1															
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000										
00100.817--General Fund--Sheriff - Emergency Services															
1															
Capital Outlay - ARES Program Equipment	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000										
Capital Outlay -C-Trac Equipment	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000										
00100.841--General Fund--Prosecuting Attorney - Operations															
1															
Office Furniture Replacement	$ 14,500														
00100.842--General Fund--Prosecuting Attorney - Child Support															
1															
Copier Replacement for Family Support Division	$ 10,000														
00100.843--General Fund--Prosecuting Attorney - Coroner															
1															
Copier/Printer/Fax Unit for Coroner Division	$ 10,000														
00100.851--General Fund--Juvenile Services															
3															
Kitchen and Laundry Equipment		$ 75,000													
00100.871--General Fund--District Court I															
3															
Capital Outlay--Lobby Display		$ 5,000													
10101.611 PW - ROADS															
2															
REET-SUPPORTED ROADS PROJECTS															
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST															
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee															
11065.811--Sheriff - OPSCAN Operations															
1															
Capital Outlay-Radio Network Equipment						$ 175,000	$ 177,000	$ 175,000	$ 170,000	$ 125,000					
11068.811--Sheriff - Operation Stonegarden															
1															
Capital Outlay- Equipment											$ 33,300	$ 100,000	$ 100,000	$ 100,000	$ 100,000
12401.221--Auditor - Document Preservation															
1															
Ecommerce/Emarriage															
Recorded Document Imaging Project															
2															
Document Recording System															
Fujitsu Flatbed Scanner															
30101.911--Parks and Facilities - Real Estate Excise Tax Projects															
1															
Facilities-Jail Smoke Detector Replacement and Upgrade															
Facilities-Courthouse VAV Air System Box Replacement															
Facilities-Courthouse Pressure Wash Exterior															
Facilities-Floor Covering															
Facilities-Jail Lock Repair & Replacement															
Fairgrounds-Site Security Lighting & Power															
Fairgrounds-Art Barn Roof Replacement															
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement															

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?	Y
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	GENERAL FUND					OPSCAN					OPERATION STONEGARDEN				
Column Labels	00100					11065					11068				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Juvenile-Replace/Upgrade PLC Door Controls															
2															
Facilities-Courthouse Jail Outdoor Recreation Area Concrete Slab Repair/Replacement															
Facilities-Courthouse Replace Electrical Branch Panels															
Facilities-Courthouse Replace Hydronic and Hot Water Storage Tanks															
Parks-Trail Development and Repair															
Parks-Road Development and Repair															
Facilities-Courthouse Generator Replacement Option #1															
Facilities-Juvenile HVAC Chiller (CH-1) and Fluid Cooler (FC-1) Replacement															
Facilities-Juvenile HVAC Boiler (B-1) and Domestic Hot Water Heater (WH-1) Replacement															
Facilities-Juvenile Membrane Roof Replacement															
Facilities-Juvenile Parking Lot Seal Coat/Patch and Striping															
Facilities-16th Street Storage Roof and Exterior Work															
Parks-Clallam Bay Bridge/Bluff Repair															
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.															
Fairgrounds-Center Stage ADA and Power Improvements															
3															
Parks-Dungeness Recreation Area Site Improvements															
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2															
1															
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks															
Facilities-Courthouse Hydronic Heating Lines Replacement															
Facilities-Courthouse Domestic Water Lines Replacement															
Facilities-Courthouse -Electric Charging Stations (3)															
2															
Facilities-Juvenile Grease Interceptor Replacement															
30501.911--Parks and Facilities - Capital Projects															
1															
Camp David Jr. Lodge Painting															
Capital Outlay- New EOC building Placeholder															
Unanticipated Projects PFF															
Facility Building Security & Safety Assessment Study															
2															
Courthouse Fuel Polish Diesel Tank															
Facilities-Courthouse TRANE Control Improvements and Upgrades															
Jail and Courthouse Replace Fire Heads, Alarms, Sprinklers															
Juvenile Detention Control Board Replacement of Entire System--Option 2															
Juvenile Facility - Plumbing Modifications															
30701.411--Information Tech - Capital Projects															
1															
Microsoft Operating System & Office licenses for End-Users															
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing															
County Website Development, Replacement, and On-going Updates															
2															
CompuTech replacementPLACEHOLDER FOR TREASURER															
EDEN to MUNIS changeoverPLACEHOLDER FOR CFO															
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.															
UPS - DR site (uninterrupt. pwr supply)															
VEEM - Network Data Back-up equipment (replace/expand)															
AVAYA VOIP Phone System Upgrade / Replacement															
3															
Copiers (other department copiers not separately scheduled elsewhere)															
30901.331--Comm Dev - Carlsborg Water Mitigation															
1															
Carlsorg Deep Water Well															
41401.611--PW - Clallam Bay-Sekiu Sewer															
1															
Collection System Repair & Replacement Project															
Replace Driveshaft Bearings for Four Rotating Biological Contactors															
2															
Sewer Pump Station Repair & Replacement Project															
42401.611--PW - Carlsborg Sewer															
1															

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?	Y
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	GENERAL FUND					OPSCAN					OPERATION STONEGARDEN				
Column Labels	00100					11065					11068				
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
Annual Pipe Charge															
Capital Cost Share to City of Sequim															
3															
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded															
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A															
50301.611--PW - ER&R															
2															
Capital Outlay-General Site Maintenance															
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED															
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED															
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED															
00100.241--General Fund--BOCC - Operations															
2															
Replace Color Copier System		$ 19,800													
Replace Black/White Copier			$ 5,500												
19961.291--NonDept - American Rescue Plan Act															
1															
Bipolar Ionization Air Purification System															
30401.331--Public Works -Dungeness Off Channel Reservoir															
1															
Dungeness Off-Channel Reservoir															
00100.333--General Fund--Comm Dev - Permit Center															
1															
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement	$ 18,358														
Grand Total	**$ 330,800**	**$ 219,100**	**$ 266,300**	**$ 185,800**	**$ 185,800**	**$ 175,000**	**$ 177,000**	**$ 175,000**	**$ 170,000**	**$ 125,000**	**$ 33,300**	**$ 100,000**	**$ 100,000**	**$ 100,000**	**$ 100,000**

CAPITAL FUNDING SOURCES/(USES)

BEGINNING FUND BALANCE						**$ 582,902**	**$ 546,401**	**$ 510,670**	**$ 479,764**	**$ 456,741**	**$ 52,719**	**$ 60,447**	**$ 68,996**	**$ 79,715**	**$ 92,649**
INFLOW FUNDING						$ 398,232	$ 406,197	$ 414,321	$ 422,607	$ 431,059	$ 559,833	$ 571,030	$ 582,450	$ 594,099	$ 605,981
EXPENDITURES (BEFORE CAPITAL)						$ (259,733)	$ (264,928)	$ (270,226)	$ (275,631)	$ (281,143)	$ (518,805)	$ (462,481)	$ (471,731)	$ (481,165)	$ (490,789)
CAPITAL OUTLAYS (PER ABOVE)						$ (175,000)	$ (177,000)	$ (175,000)	$ (170,000)	$ (125,000)	$ (33,300)	$ (100,000)	$ (100,000)	$ (100,000)	$ (100,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING						**$ 546,401**	**$ 510,670**	**$ 479,764**	**$ 456,741**	**$ 481,656**	**$ 60,447**	**$ 68,996**	**$ 79,715**	**$ 92,649**	**$ 107,842**
TRANSFERS BETWEEN FUNDS	**$ (19,600)**	**$ (19,600)**	**$ (19,600)**	**$ (19,600)**	**$ (19,600)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**				
OTHER GRANTS/LOAN FUNDING NEEDED															
ADDITIONAL REET FUNDING REQUIRED															
OPPORTUNITY FUND FUNDING REQUIRED															
GENERAL FUND FUNDING REQUIRED	**$ 311,200**	**$ 199,500**	**$ 199,500**	**$ 199,500**	**$ 199,500**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

ENDING FUND BALANCE--ADJUSTED | **$ 546,401** | **$ 510,670** | **$ 479,764** | **$ 456,741** | **$ 481,656** | **$ 60,447** | **$ 68,996** | **$ 79,715** | **$ 92,649** | **$ 107,842**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	AUDITOR--DOCUMENT PRESERVATION					REET 1					REET 2				
Row Labels	12401 2022	2023	2024	2025	2026	30101 2022	2023	2024	2025	2026	30201 2022	2023	2024	2025	2026
00100.221--General Fund--Auditor															
1															
Cannon Printer/Copier #HRP01288															
Capital Outlay--Ballot Drop Boxes															
2															
Cannon Printer/Copier #QHM04033															
00100.811--General Fund--Sheriff - Operations															
1															
Capital Outlay- Vehicle Equipment for new patrol cars															
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies															
Criminal Investigations Bureau Forensic Computer Server															
Patrol Rifle Upgrade/Replacement															
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License															
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement															
00100.815--General Fund--Sheriff - Jail															
1															
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies															
00100.817--General Fund--Sheriff - Emergency Services															
1															
Capital Outlay - ARES Program Equipment															
Capital Outlay -C-Trac Equipment															
00100.841--General Fund--Prosecuting Attorney - Operations															
1															
Office Furniture Replacement															
00100.842--General Fund--Prosecuting Attorney - Child Support															
1															
Copier Replacement for Family Support Division															
00100.843--General Fund--Prosecuting Attorney - Coroner															
1															
Copier/Printer/Fax Unit for Coroner Division															
00100.851--General Fund--Juvenile Services															
3															
Kitchen and Laundry Equipment															
00100.871--General Fund--District Court I															
3															
Capital Outlay--Lobby Display															
10101.611 PW - ROADS															
2															
REET-SUPPORTED ROADS PROJECTS											$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST											$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee											$ 400,000				
11065.811--Sheriff - OPSCAN Operations															
1															
Capital Outlay-Radio Network Equipment															
11068.811--Sheriff - Operation Stonegarden															
1															
Capital Outlay- Equipment															
12401.221--Auditor - Document Preservation															
1															
Ecommerce/Emarriage	$ 20,000														
Recorded Document Imaging Project	$ 300,000														
2															
Document Recording System		$ 300,000													
Fujitsu Flatbed Scanner	$ -	$ 10,000													
30101.911--Parks and Facilities - Real Estate Excise Tax Projects															
1															
Facilities-Jail Smoke Detector Replacement and Upgrade						$ 33,000									
Facilities-Courthouse VAV Air System Box Replacement						$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000					
Facilities-Courthouse Pressure Wash Exterior						$ 45,000									
Facilities-Floor Covering						$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000					
Facilities-Jail Lock Repair & Replacement						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000					
Fairgrounds-Site Security Lighting & Power						$ 100,000									
Fairgrounds-Art Barn Roof Replacement						$ 80,000		$ -							
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement						$ 100,000		$ -							

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	AUDITOR--DOCUMENT PRESERVATION					REET 1					REET 2				
Row Labels	12401 2022	2023	2024	2025	2026	30101 2022	2023	2024	2025	2026	30201 2022	2023	2024	2025	2026
Juvenile-Replace/Upgrade PLC Door Controls						$ 200,000		$ -							
2															
Facilities-Courthouse Jail Outdoor Recreation Area Concrete Slab Repair/Replacement						$ -	$ 95,000								
Facilities-Courthouse Replace Electrical Branch Panels							$ 400,000								
Facilities-Courthouse Replace Hydronic and Hot Water Storage Tanks								$ 280,000							
Parks-Trail Development and Repair						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000					
Parks-Road Development and Repair						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000					
Facilities-Courthouse Generator Replacement Option #1						$ -		$ 1,500,000							
Facilities-Juvenile HVAC Chiller (CH-1) and Fluid Cooler (FC-1) Replacement							$ 350,000		$ -	$ -					
Facilities-Juvenile HVAC Boiler (B-1) and Domestic Hot Water Heater (WH-1) Replacement							$ 250,000		$ -	$ -					
Facilities-Juvenile Membrane Roof Replacement							$ 725,000								
Facilities-Juvenile Parking Lot Seal Coat/Patch and Striping							$ 75,000								
Facilities-16th Street Storage Roof and Exterior Work							$ 400,000								
Parks-Clallam Bay Bridge/Bluff Repair							$ 30,000	$ -							
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.						$ 300,000		$ -							
Fairgrounds-Center Stage ADA and Power Improvements							$ 75,000								
3															
Parks-Dungeness Recreation Area Site Improvements									$ 1,200,000						
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2															
1															
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks											$ 225,000	$ -	$ -	$ -	$ -
Facilities-Courthouse Hydronic Heating Lines Replacement											$ 40,000	$ 560,000	$ 560,000		
Facilities-Courthouse Domestic Water Lines Replacement											$ -	$ 420,000	$ 420,000	$ -	$ -
Facilities-Courthouse -Electric Charging Stations (3)											$ 100,000	$ -	$ -	$ -	$ -
2															
Facilities-Juvenile Grease Interceptor Replacement											$ -		$ 125,000		
30501.911--Parks and Facilities - Capital Projects															
1															
Camp David Jr. Lodge Painting															
Capital Outlay- New EOC building Placeholder															
Unanticipated Projects PFF															
Facility Building Security & Safety Assessment Study															
2															
Courthouse Fuel Polish Diesel Tank															
Facilities-Courthouse TRANE Control Improvements and Upgrades															
Jail and Courthouse Replace Fire Heads, Alarms, Sprinklers															
Juvenile Detention Control Board Replacement of Entire System--Option 2															
Juvenile Facility - Plumbing Modifications															
30701.411--Information Tech - Capital Projects															
1															
Microsoft Operating System & Office licenses for End-Users															
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing															
County Website Development, Replacement, and On-going Updates															
2															
CompuTech replacementPLACEHOLDER FOR TREASURER															
EDEN to MUNIS changeoverPLACEHOLDER FOR CFO															
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.															
UPS - DR site (uninterrupt. pwr supply)															
VEEM - Network Data Back-up equipment (replace/expand)															
AVAYA VOIP Phone System Upgrade / Replacement															
3															
Copiers (other department copiers not separately scheduled elsewhere)															
30901.331--Comm Dev - Carlsborg Water Mitigation															
1															
Carlsorg Deep Water Well															
41401.611--PW - Clallam Bay-Sekiu Sewer															
1															
Collection System Repair & Replacement Project															
Replace Driveshaft Bearings for Four Rotating Biological Contactors															
2															
Sewer Pump Station Repair & Replacement Project															
42401.611--PW - Carlsborg Sewer															
1															

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	AUDITOR--DOCUMENT PRESERVATION					REET 1					REET 2				
Row Labels	12401 2022	2023	2024	2025	2026	30101 2022	2023	2024	2025	2026	30201 2022	2023	2024	2025	2026
Annual Pipe Charge															
Capital Cost Share to City of Sequim															
3															
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded															
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A															
50301.611--PW - ER&R															
2															
Capital Outlay-General Site Maintenance															
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED															
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED															
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED															
00100.241--General Fund--BOCC - Operations															
2															
Replace Color Copier System															
Replace Black/White Copier															
19961.291--NonDept - American Rescue Plan Act															
1															
Bipolar Ionization Air Purification System															
30401.331--Public Works -Dungeness Off Channel Reservoir															
1															
Dungeness Off-Channel Reservoir															
00100.333--General Fund--Comm Dev - Permit Center															
1															
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement															
Grand Total	$ 320,000	$ 310,000				$ 1,728,000	$ 3,270,000	$ 2,650,000	$ 2,070,000	$ 870,000	$ 1,465,000	$ 1,680,000	$ 1,805,000	$ 700,000	$ 700,000
CAPITAL FUNDING SOURCES/(USES)															
BEGINNING FUND BALANCE	$ 564,332	$ 236,355	$ -	$ -	$ -	$ 1,519,529	$ 896,121	$ -	$ -	$ -	$ 1,427,282	$ 653,963	$ 149,955	$ -	$ 668,380
INFLOW FUNDING	$ 130,000	$ 132,600	$ 135,252	$ 137,957	$ 140,716	$ 1,490,000	$ 1,519,800	$ 1,550,196	$ 1,581,200	$ 1,612,824	$ 1,490,000	$ 1,519,800	$ 1,550,196	$ 1,581,200	$ 1,612,824
EXPENDITURES (BEFORE CAPITAL)	$ (137,977)	$ (150,737)	$ (153,751)	$ (156,826)	$ (159,963)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CAPITAL OUTLAYS (PER ABOVE)	$ (320,000)	$ (310,000)	$ -	$ -	$ -	$ (1,728,000)	$ (3,270,000)	$ (2,650,000)	$ (2,070,000)	$ (870,000)	$ (1,465,000)	$ (1,680,000)	$ (1,805,000)	$ (700,000)	$ (700,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	$ 236,355	$ (91,782)	$ (18,499)	$ (18,869)	$ (19,247)	$ 1,281,529	$ (854,079)	$ (1,099,804)	$ (488,800)	$ 742,824	$ 1,452,282	$ 493,763	$ (104,849)	$ 881,200	$ 1,581,204
TRANSFERS BETWEEN FUNDS						$ (435,408)					$ (866,319)	$ (343,808)	$ (98,804)	$ (212,820)	$ (106,857)
OTHER GRANTS/LOAN FUNDING NEEDED						$ 50,000					$ 68,000				
ADDITIONAL REET FUNDING REQUIRED						$ -					$ -				
OPPORTUNITY FUND FUNDING REQUIRED						$ -					$ -				
GENERAL FUND FUNDING REQUIRED	$ -	$ 91,782	$ 18,499	$ 18,869	$ 19,247	$ -	$ 854,079	$ 1,099,804	$ 488,800	$ -	$ -	$ -	$ 203,653	$ -	$ -
ENDING FUND BALANCE--ADJUSTED	$ 236,355	$ -	$ -	$ -	$ -	$ 896,121	$ -	$ -	$ -	$ 742,824	$ 653,963	$ 149,955	$ -	$ 668,380	$ 1,474,347

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	PARKS/ FACILITIES--CAPITAL PROJECTS					IT CAPITAL PROJECTS					CARLSBORG WATER MITIGATION					PW--CLALLAM BAY/SEKIU SEWER					
Row Labels	30501 2022	2023	2024	2025	2026	30701 2022	2023	2024	2025	2026	30901 2022	2023	2024	2025	2026	41401 2022	2023	2024	2025	2026	42401 2022
00100.221--General Fund--Auditor																					
1																					
Cannon Printer/Copier #HRP01288																					
Capital Outlay--Ballot Drop Boxes																					
2																					
Cannon Printer/Copier #QHM04033																					
00100.811--General Fund--Sheriff - Operations																					
1																					
Capital Outlay- Vehicle Equipment for new patrol cars																					
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies																					
Criminal Investigations Bureau Forensic Computer Server																					
Patrol Rifle Upgrade/Replacement																					
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License																					
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement																					
00100.815--General Fund--Sheriff - Jail																					
1																					
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies																					
00100.817--General Fund--Sheriff - Emergency Services																					
1																					
Capital Outlay - ARES Program Equipment																					
Capital Outlay -C-Trac Equipment																					
00100.841--General Fund--Prosecuting Attorney - Operations																					
1																					
Office Furniture Replacement																					
00100.842--General Fund--Prosecuting Attorney - Child Support																					
1																					
Copier Replacement for Family Support Division																					
00100.843--General Fund--Prosecuting Attorney - Coroner																					
1																					
Copier/Printer/Fax Unit for Coroner Division																					
00100.851--General Fund--Juvenile Services																					
3																					
Kitchen and Laundry Equipment																					
00100.871--General Fund--District Court I																					
3																					
Capital Outlay--Lobby Display																					
10101.611 PW - ROADS																					
2																					
REET-SUPPORTED ROADS PROJECTS																					
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST																					
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee																					
11065.811--Sheriff - OPSCAN Operations																					
1																					
Capital Outlay-Radio Network Equipment																					
11068.811--Sheriff - Operation Stonegarden																					
1																					
Capital Outlay- Equipment																					
12401.221--Auditor - Document Preservation																					
1																					
Ecommerce/Emarriage																					
Recorded Document Imaging Project																					
2																					
Document Recording System																					
Fujitsu Flatbed Scanner																					
30101.911--Parks and Facilities - Real Estate Excise Tax Projects																					
1																					
Facilities-Jail Smoke Detector Replacement and Upgrade																					
Facilities-Courthouse VAV Air System Box Replacement																					
Facilities-Courthouse Pressure Wash Exterior																					
Facilities-Floor Covering																					
Facilities-Jail Lock Repair & Replacement																					
Fairgrounds-Site Security Lighting & Power																					
Fairgrounds-Art Barn Roof Replacement																					
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement																					

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	PARKS/ FACILITIES--CAPITAL PROJECTS					IT CAPITAL PROJECTS					CARLSBORG WATER MITIGATION					PW--CLALLAM BAY/SEKIU SEWER					
Row Labels	30501 2022	2023	2024	2025	2026	30701 2022	2023	2024	2025	2026	30901 2022	2023	2024	2025	2026	41401 2022	2023	2024	2025	2026	42401 2022
Juvenile-Replace/Upgrade PLC Door Controls																					
2																					
Facilities-Courthouse Jail Outdoor Recreation Area Concrete Slab Repair/Replacement																					
Facilities-Courthouse Replace Electrical Branch Panels																					
Facilities-Courthouse Replace Hydronic and Hot Water Storage Tanks																					
Parks-Trail Development and Repair																					
Parks-Road Development and Repair																					
Facilities-Courthouse Generator Replacement Option #1																					
Facilities-Juvenile HVAC Chiller (CH-1) and Fluid Cooler (FC-1) Replacement																					
Facilities-Juvenile HVAC Boiler (B-1) and Domestic Hot Water Heater (WH-1) Replacement																					
Facilities-Juvenile Membrane Roof Replacement																					
Facilities-Juvenile Parking Lot Seal Coat/Patch and Striping																					
Facilities-16th Street Storage Roof and Exterior Work																					
Parks-Clallam Bay Bridge/Bluff Repair																					
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.																					
Fairgrounds-Center Stage ADA and Power Improvements																					
3																					
Parks-Dungeness Recreation Area Site Improvements																					
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2																					
1																					
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks																					
Facilities-Courthouse Hydronic Heating Lines Replacement																					
Facilities-Courthouse Domestic Water Lines Replacement																					
Facilities-Courthouse -Electric Charging Stations (3)																					
2																					
Facilities-Juvenile Grease Interceptor Replacement																					
30501.911--Parks and Facilities - Capital Projects																					
1																					
Camp David Jr. Lodge Painting	$ 100,000																				
Capital Outlay- New EOC building Placeholder	$ 2,100,000	$ 2,100,000																			
Unanticipated Projects PFF	$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 115,000																
Facility Building Security & Safety Assessment Study	$ 70,000																				
2																					
Courthouse Fuel Polish Diesel Tank	$ -	$ 7,500																			
Facilities-Courthouse TRANE Control Improvements and Upgrades		$ 82,500																			
Jail and Courthouse Replace Fire Heads, Alarms, Sprinklers		$ 700,000																			
Juvenile Detention Control Board Replacement of Entire System--Option 2				$ 800,000																	
Juvenile Facility - Plumbing Modifications	$ -		$ 27,500																		
30701.411--Information Tech - Capital Projects																					
1																					
Microsoft Operating System & Office licenses for End-Users						$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000											
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing						$ 30,000															
County Website Development, Replacement, and On-going Updates						$ 100,000															
2																					
CompuTech replacementPLACEHOLDER FOR TREASURER						$ 19,000															
EDEN to MUNIS changeoverPLACEHOLDER FOR CFO								$ 750,000													
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.						$ 85,000	$ 85,000	$ 60,000	$ 60,000	$ 60,000											
UPS - DR site (uninterrupt. pwr supply)						$ 12,000	$ -	$ -	$ 12,000	$ -											
VEEM - Network Data Back-up equipment (replace/expand)						$ 125,000	$ -														
AVAYA VOIP Phone System Upgrade / Replacement							$ 185,000														
3																					
Copiers (other department copiers not separately scheduled elsewhere)						$ 47,030	$ 38,000	$ 38,000	$ 38,000	$ 38,000											
30901.331--Comm Dev - Carlsborg Water Mitigation																					
1																					
Carlsorg Deep Water Well											$ 250,000	$ -	$ -	$ -	$ -						
41401.611--PW - Clallam Bay-Sekiu Sewer																					
1																					
Collection System Repair & Replacement Project																$ 1,600,000	$ 2,400,000	$ 720,000	$ 500,000	$ 438,000	
Replace Driveshaft Bearings for Four Rotating Biological Contactors																$ 80,000	$ -	$ -			
2																					
Sewer Pump Station Repair & Replacement Project																$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ 470,000	
42401.611--PW - Carlsborg Sewer																					
1																					

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	PARKS/ FACILITIES--CAPITAL PROJECTS					IT CAPITAL PROJECTS					CARLSBORG WATER MITIGATION					PW--CLALLAM BAY/SEKIU SEWER					
Row Labels	30501 2022	2023	2024	2025	2026	30701 2022	2023	2024	2025	2026	30901 2022	2023	2024	2025	2026	41401 2022	2023	2024	2025	2026	42401 2022
Annual Pipe Charge																					$ 43,000
Capital Cost Share to City of Sequim																					$ 80,000
3																					
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded																					$ 250,000
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A																					$ 240,000
50301.611--PW - ER&R																					
2																					
Capital Outlay-General Site Maintenance																					
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED																					
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED																					
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED																					
00100.241--General Fund--BOCC - Operations																					
2																					
Replace Color Copier System																					
Replace Black/White Copier																					
19961.291--NonDept - American Rescue Plan Act																					
1																					
Bipolar Ionization Air Purification System																					
30401.331--Public Works -Dungeness Off Channel Reservoir																					
1																					
Dungeness Off-Channel Reservoir																					
00100.333--General Fund--Comm Dev - Permit Center																					
1																					
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement																					
Grand Total	**$ 2,385,000**	**$ 3,005,000**	**$ 142,500**	**$ 915,000**	**$ 115,000**	**$ 468,030**	**$ 358,000**	**$ 898,000**	**$ 160,000**	**$ 148,000**	**$ 250,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 2,150,000**	**$ 2,870,000**	**$ 1,190,000**	**$ 970,000**	**$ 908,000**	**$ 613,000**

CAPITAL FUNDING SOURCES/(USES)

BEGINNING FUND BALANCE	**$ 431,535**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 258,606**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 64,592**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 200,000**	**$ 258,478**	**$ 331,348**	**$ 164,235**	**$ 143,140**	**$ 105,114**
INFLOW FUNDING	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,925,522	$ 2,693,522	$ 1,019,392	$ 805,380	$ 749,488	$ 161,321
EXPENDITURES (BEFORE CAPITAL)	$ -	$ -	$ -	$ -	$ -	$ (30,000)	$ (30,600)	$ (31,212)	$ (31,836)	$ (32,473)	$ -	$ -	$ -	$ -	$ -	$ (434,783)	$ (443,479)	$ (452,348)	$ (461,395)	$ (470,623)	$ (209,741)
CAPITAL OUTLAYS (PER ABOVE)	$ (2,385,000)	$ (3,005,000)	$ (142,500)	$ (915,000)	$ (115,000)	$ (468,030)	$ (358,000)	$ (898,000)	$ (160,000)	$ (148,000)	$ (250,000)	$ -	$ -	$ -	$ -	$ (2,150,000)	$ (2,870,000)	$ (1,190,000)	$ (970,000)	$ (908,000)	$ (613,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ (1,953,465)**	**$ (3,005,000)**	**$ (142,500)**	**$ (915,000)**	**$ (115,000)**	**$ (239,424)**	**$ (388,600)**	**$ (929,212)**	**$ (191,836)**	**$ (180,473)**	**$ (185,408)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ (459,261)**	**$ (361,478)**	**$ (291,608)**	**$ (461,780)**	**$ (485,996)**	**$ (556,306)**
TRANSFERS BETWEEN FUNDS	**$ -**					**$ -**					**$ 185,408**					**$ 717,739**	**$ 692,826**	**$ 455,843**	**$ 604,920**	**$ 623,858**	**$ 250,000**
OTHER GRANTS/LOAN FUNDING NEEDED	**$ 1,176,000**					**$ -**					**$ -**					**$ -**					**$ -**
ADDITIONAL REET FUNDING REQUIRED	**$ -**					**$ -**					**$ -**					**$ -**					**$ 148,580**
OPPORTUNITY FUND FUNDING REQUIRED	**$ -**					**$ -**					**$ -**					**$ -**					**$ 240,000**
GENERAL FUND FUNDING REQUIRED	**$ 777,465**	**$ 3,005,000**	**$ 142,500**	**$ 915,000**	**$ 115,000**	**$ 239,424**	**$ 388,600**	**$ 929,212**	**$ 191,836**	**$ 180,473**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
ENDING FUND BALANCE--ADJUSTED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 258,478**	**$ 331,348**	**$ 164,235**	**$ 143,140**	**$ 137,862**	**$ 82,274**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

Row Labels	PW--CARLSBORG SEWER					ER&R				ARPA				
	42401					50301				19961				
	2023	2024	2025	2026		2022	2023	2024	2025	2026	2022	2023	2024	2025	2026
00100.221--General Fund--Auditor															
1															
Cannon Printer/Copier #HRP01288															
Capital Outlay--Ballot Drop Boxes															
2															
Cannon Printer/Copier #QHM04033															
00100.811--General Fund--Sheriff - Operations															
1															
Capital Outlay- Vehicle Equipment for new patrol cars															
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies															
Criminal Investigations Bureau Forensic Computer Server															
Patrol Rifle Upgrade/Replacement															
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License															
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement															
00100.815--General Fund--Sheriff - Jail															
1															
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies															
00100.817--General Fund--Sheriff - Emergency Services															
1															
Capital Outlay - ARES Program Equipment															
Capital Outlay -C-Trac Equipment															
00100.841--General Fund--Prosecuting Attorney - Operations															
1															
Office Furniture Replacement															
00100.842--General Fund--Prosecuting Attorney - Child Support															
1															
Copier Replacement for Family Support Division															
00100.843--General Fund--Prosecuting Attorney - Coroner															
1															
Copier/Printer/Fax Unit for Coroner Division															
00100.851--General Fund--Juvenile Services															
3															
Kitchen and Laundry Equipment															
00100.871--General Fund--District Court I															
3															
Capital Outlay--Lobby Display															
10101.611 PW - ROADS															
2															
REET-SUPPORTED ROADS PROJECTS															
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST															
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee															
11065.811--Sheriff - OPSCAN Operations															
1															
Capital Outlay-Radio Network Equipment															
11068.811--Sheriff - Operation Stonegarden															
1															
Capital Outlay- Equipment															
12401.221--Auditor - Document Preservation															
1															
Ecommerce/Emarriage															
Recorded Document Imaging Project															
2															
Document Recording System															
Fujitsu Flatbed Scanner															
30101.911--Parks and Facilities - Real Estate Excise Tax Projects															
1															
Facilities-Jail Smoke Detector Replacement and Upgrade															
Facilities-Courthouse VAV Air System Box Replacement															
Facillties-Courthouse Pressure Wash Exterior															
Facilities-Floor Covering															
Facilities-Jail Lock Repair & Replacement															
Fairgrounds-Site Security Lighting & Power															
Fairgrounds-Art Barn Roof Replacement															
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement															

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	PW--CARLSBORG SEWER					ER&R				ARPA				
Row Labels	42401 2023	2024	2025	2026	50301 2022	2023	2024	2025	2026	19961 2022	2023	2024	2025	2026
Juvenile-Replace/Upgrade PLC Door Controls														
2														
Facilities-Courthouse Jail Outdoor Recreation Area Concrete Slab Repair/Replacement														
Facilities-Courthouse Replace Electrical Branch Panels														
Facilities-Courthouse Replace Hydronic and Hot Water Storage Tanks														
Parks-Trail Development and Repair														
Parks-Road Development and Repair														
Facilities-Courthouse Generator Replacement Option #1														
Facilities-Juvenile HVAC Chiller (CH-1) and Fluid Cooler (FC-1) Replacement														
Facilities-Juvenile HVAC Boiler (B-1) and Domestic Hot Water Heater (WH-1) Replacement														
Facilities-Juvenile Membrane Roof Replacement														
Facilities-Juvenile Parking Lot Seal Coat/Patch and Striping														
Facilities-16th Street Storage Roof and Exterior Work														
Parks-Clallam Bay Bridge/Bluff Repair														
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.														
Fairgrounds-Center Stage ADA and Power Improvements														
3														
Parks-Dungeness Recreation Area Site Improvements														
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2														
1														
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks														
Facilities-Courthouse Hydronic Heating Lines Replacement														
Facilities-Courthouse Domestic Water Lines Replacement														
Facilities-Courthouse -Electric Charging Stations (3)														
2														
Facilities-Juvenile Grease Interceptor Replacement														
30501.911--Parks and Facilities - Capital Projects														
1														
Camp David Jr. Lodge Painting														
Capital Outlay- New EOC building Placeholder														
Unanticipated Projects PFF														
Facility Building Security & Safety Assessment Study														
2														
Courthouse Fuel Polish Diesel Tank														
Facilities-Courthouse TRANE Control Improvements and Upgrades														
Jail and Courthouse Replace Fire Heads, Alarms, Sprinklers														
Juvenile Detention Control Board Replacement of Entire System--Option 2														
Juvenile Facility - Plumbing Modifications														
30701.411--Information Tech - Capital Projects														
1														
Microsoft Operating System & Office licenses for End-Users														
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing														
County Website Development, Replacement, and On-going Updates														
2														
CompuTech replacementPLACEHOLDER FOR TREASURER														
EDEN to MUNIS changeoverPLACEHOLDER FOR CFO														
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.														
UPS - DR site (uninterrupt. pwr supply)														
VEEM - Network Data Back-up equipment (replace/expand)														
AVAYA VOIP Phone System Upgrade / Replacement														
3														
Copiers (other department copiers not separately scheduled elsewhere)														
30901.331--Comm Dev - Carlsborg Water Mitigation														
1														
Carlsorg Deep Water Well														
41401.611--PW - Clallam Bay-Sekiu Sewer														
1														
Collection System Repair & Replacement Project														
Replace Driveshaft Bearings for Four Rotating Biological Contactors														
2														
Sewer Pump Station Repair & Replacement Project														
42401.611--PW - Carlsborg Sewer														
1														

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	PW--CARLSBORG SEWER				ER&R					ARPA				
Row Labels	42401 2023	2024	2025	2026	50301 2022	2023	2024	2025	2026	19961 2022	2023	2024	2025	2026
Annual Pipe Charge	$ 43,000	$ 43,000	$ 43,000	$ 43,000										
Capital Cost Share to City of Sequim	$ 280,000	$ 30,000	$ 110,000	$ 20,000										
3														
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded														
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A														
50301.611--PW - ER&R														
2														
Capital Outlay-General Site Maintenance					$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000					
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED					$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000					
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED					$ 419,600	$ 216,300	$ 222,789	$ 229,473	$ 236,357					
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED					$ 1,655,000	$ 863,725	$ 863,725	$ 863,725	$ 863,725					
00100.241--General Fund--BOCC - Operations														
2														
Replace Color Copier System														
Replace Black/White Copier														
19961.291--NonDept - American Rescue Plan Act														
1														
Bipolar Ionization Air Purification System										$ 250,000				
30401.331--Public Works -Dungeness Off Channel Reservoir														
1														
Dungeness Off-Channel Reservoir														
00100.333--General Fund--Comm Dev - Permit Center														
1														
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement														
Grand Total	**$ 323,000**	**$ 73,000**	**$ 153,000**	**$ 63,000**	**$ 2,204,600**	**$ 1,210,025**	**$ 1,216,514**	**$ 1,223,198**	**$ 1,230,082**	**$ 250,000**				

CAPITAL FUNDING SOURCES/(USES)														
BEGINNING FUND BALANCE	**$ 82,274**	**$ 53,694**	**$ 29,121**	**$ 37,558**	**$ 2,879,550**	**$ 1,677,405**	**$ 1,489,884**	**$ 1,316,324**	**$ 1,156,940**	**$ 1,500,000**	$ -	$ -	$ -	$ -
INFLOW FUNDING	$ 164,547	$ 167,838	$ 171,195	$ 174,619	$ 3,429,025	$ 3,497,606	$ 3,567,558	$ 3,638,909	$ 3,711,687	$ 7,501,875	$ -	$ -	$ -	$ -
EXPENDITURES (BEFORE CAPITAL)	$ (213,936)	$ (218,215)	$ (222,579)	$ (227,030)	$ (2,426,570)	$ (2,475,101)	$ (2,524,603)	$ (2,575,095)	$ (2,626,597)	$ (8,751,875)	$ -	$ -	$ -	$ -
CAPITAL OUTLAYS (PER ABOVE)	$ (323,000)	$ (73,000)	$ (153,000)	$ (63,000)	$ (2,204,600)	$ (1,210,025)	$ (1,216,514)	$ (1,223,198)	$ (1,230,082)	$ (250,000)	$ -	$ -	$ -	$ -
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ (290,114)**	**$ (69,683)**	**$ (175,262)**	**$ (77,853)**	**$ 1,677,405**	**$ 1,489,884**	**$ 1,316,324**	**$ 1,156,940**	**$ 1,011,947**	$ -	$ -	$ -	$ -	$ -
TRANSFERS BETWEEN FUNDS	**$ 343,808**	**$ 98,804**	**$ 212,820**	**$ 106,857**										
OTHER GRANTS/LOAN FUNDING NEEDED														
ADDITIONAL REET FUNDING REQUIRED														
OPPORTUNITY FUND FUNDING REQUIRED														
GENERAL FUND FUNDING REQUIRED	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
ENDING FUND BALANCE--ADJUSTED	**$ 53,694**	**$ 29,121**	**$ 37,558**	**$ 29,003**	**$ 1,677,405**	**$ 1,489,884**	**$ 1,316,324**	**$ 1,156,940**	**$ 1,011,947**	$ -	$ -	$ -	$ -	$ -

CLALLAM COUNTY
2022-2026 PROPOSED 5-YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	DUNGENESS OFF CHANNEL RESERVOIR					TOTAL 5 YEAR CAPITAL PLAN				
Row Labels	30401 2022	2023	2024	2025	2026	Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
00100.221--General Fund--Auditor										
1										
Cannon Printer/Copier #HRP01288						$ 8,500				
Capital Outlay--Ballot Drop Boxes						$ 18,000				
2										
Cannon Printer/Copier #QHM04033						$ -	$ 8,500			
00100.811--General Fund--Sheriff - Operations										
1										
Capital Outlay- Vehicle Equipment for new patrol cars						$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies						$ 8,400	$ 8,400	$ 8,400	$ 8,400	$ 8,400
Criminal Investigations Bureau Forensic Computer Server						$ 15,000				
Patrol Rifle Upgrade/Replacement						$ 18,000				
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License						$ 12,000	$ 6,400	$ 6,400	$ 6,400	$ 6,400
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement						$ 27,042				
00100.815--General Fund--Sheriff - Jail										
1										
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies						$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000
00100.817--General Fund--Sheriff - Emergency Services										
1										
Capital Outlay - ARES Program Equipment						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Capital Outlay -C-Trac Equipment						$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
00100.841--General Fund--Prosecuting Attorney - Operations										
1										
Office Furniture Replacement						$ 14,500				
00100.842--General Fund--Prosecuting Attorney - Child Support										
1										
Copier Replacement for Family Support Division						$ 10,000				
00100.843--General Fund--Prosecuting Attorney - Coroner										
1										
Copier/Printer/Fax Unit for Coroner Division						$ 10,000				
00100.851--General Fund--Juvenile Services										
3										
Kitchen and Laundry Equipment								$ 75,000		
00100.871--General Fund--District Court I										
3										
Capital Outlay--Lobby Display							$ 5,000			
10101.611 PW - ROADS										
2										
REET-SUPPORTED ROADS PROJECTS						$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST						$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee						$ 400,000				
11065.811--Sheriff - OPSCAN Operations										
1										
Capital Outlay-Radio Network Equipment						$ 175,000	$ 177,000	$ 175,000	$ 170,000	$ 125,000
11068.811--Sheriff - Operation Stonegarden										
1										
Capital Outlay- Equipment						$ 33,300	$ 100,000	$ 100,000	$ 100,000	$ 100,000
12401.221--Auditor - Document Preservation										
1										
Ecommerce/Emarriage						$ 20,000				
Recorded Document Imaging Project						$ 300,000				
2										
Document Recording System							$ 300,000			
Fujitsu Flatbed Scanner						$ -	$ 10,000			
30101.911--Parks and Facilities - Real Estate Excise Tax Projects										
1										
Facilities-Jail Smoke Detector Replacement and Upgrade						$ 33,000				
Facilities-Courthouse VAV Air System Box Replacement						$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000
Facilities-Courthouse Pressure Wash Exterior						$ 45,000				
Facilities-Floor Covering						$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000
Facilities-Jail Lock Repair & Replacement						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Fairgrounds-Site Security Lighting & Power						$ 100,000				
Fairgrounds-Art Barn Roof Replacement						$ 80,000		$ -		
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement						$ 100,000		$ -		

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	DUNGENESS OFF CHANNEL RESERVOIR					TOTAL 5 YEAR CAPITAL PLAN				
Row Labels	30401 2022	2023	2024	2025	2026	Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
Juvenile-Replace/Upgrade PLC Door Controls						$ 200,000		$ -		
2										
Facilities-Courthouse Jail Outdoor Recreation Area Concrete Slab Repair/Replacement						$ -	$ 95,000			
Facilities-Courthouse Replace Electrical Branch Panels							$ 400,000			
Facilities-Courthouse Replace Hydronic and Hot Water Storage Tanks								$ 280,000		
Parks-Trail Development and Repair						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Parks-Road Development and Repair						$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000
Facilities-Courthouse Generator Replacement Option #1						$ -		$ 1,500,000		
Facilities-Juvenile HVAC Chiller (CH-1) and Fluid Cooler (FC-1) Replacement							$ 350,000		$ -	$ -
Facilities-Juvenile HVAC Boiler (B-1) and Domestic Hot Water Heater (WH-1) Replacement							$ 250,000		$ -	$ -
Facilities-Juvenile Membrane Roof Replacement							$ 725,000			
Facilities-Juvenile Parking Lot Seal Coat/Patch and Striping							$ 75,000			
Facilities-16th Street Storage Roof and Exterior Work							$ 400,000			
Parks-Clallam Bay Bridge/Bluff Repair							$ 30,000	$ -		
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.						$ 300,000		$ -		
Fairgrounds-Center Stage ADA and Power Improvements							$ 75,000			
3										
Parks-Dungeness Recreation Area Site Improvements									$ 1,200,000	
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2										
1										
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks						$ 225,000	$ -	$ -	$ -	$ -
Facilities-Courthouse Hydronic Heating Lines Replacement						$ 40,000	$ 560,000	$ 560,000		
Facilities-Courthouse Domestic Water Lines Replacement						$ -	$ 420,000	$ 420,000	$ -	$ -
Facilities-Courthouse -Electric Charging Stations (3)						$ 100,000	$ -	$ -	$ -	$ -
2										
Facilities-Juvenile Grease Interceptor Replacement						$ -		$ 125,000		
30501.911--Parks and Facilities - Capital Projects										
1										
Camp David Jr. Lodge Painting						$ 100,000				
Capital Outlay- New EOC building Placeholder						$ 2,100,000	$ 2,100,000			
Unanticipated Projects PFF						$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 115,000
Facility Building Security & Safety Assessment Study						$ 70,000				
2										
Courthouse Fuel Polish Diesel Tank						$ -	$ 7,500			
Facilities-Courthouse TRANE Control Improvements and Upgrades							$ 82,500			
Jail and Courthouse Replace Fire Heads, Alarms, Sprinklers							$ 700,000			
Juvenile Detention Control Board Replacement of Entire System--Option 2									$ 800,000	
Juvenile Facility - Plumbing Modifications						$ -		$ 27,500		
30701.411--Information Tech - Capital Projects										
1										
Microsoft Operating System & Office licenses for End-Users						$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing						$ 30,000				
County Website Development, Replacement, and On-going Updates						$ 100,000				
2										
CompuTech replacementPLACEHOLDER FOR TREASURER						$ 19,000				
EDEN to MUNIS changeoverPLACEHOLDER FOR CFO								$ 750,000		
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.						$ 85,000	$ 85,000	$ 60,000	$ 60,000	$ 60,000
UPS - DR site (uninterrupt. pwr supply)						$ 12,000	$ -	$ -	$ 12,000	$ -
VEEM - Network Data Back-up equipment (replace/expand)						$ 125,000	$ -			
AVAYA VOIP Phone System Upgrade / Replacement							$ 185,000			
3										
Copiers (other department copiers not separately scheduled elsewhere)						$ 47,030	$ 38,000	$ 38,000	$ 38,000	$ 38,000
30901.331--Comm Dev - Carlsborg Water Mitigation										
1										
Carlsorg Deep Water Well						$ 250,000	$ -	$ -	$ -	$ -
41401.611--PW - Clallam Bay-Sekiu Sewer										
1										
Collection System Repair & Replacement Project						$ 1,600,000	$ 2,400,000	$ 720,000	$ 500,000	$ 438,000
Replace Driveshaft Bearings for Four Rotating Biological Contactors						$ 80,000	$ -	$ -		
2										
Sewer Pump Station Repair & Replacement Project						$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ 470,000
42401.611--PW - Carlsborg Sewer										
1										

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--DETAIL BY FUND/PRIORITY
CAPITAL OUTLAYS RECOMMENDED FOR INCLUSION IN 5 YEAR CAPITAL PLAN

Include in 2023-2026 Capital Plan?
2022
2023
2024
2025
2026

	DUNGENESS OFF CHANNEL RESERVOIR					TOTAL 5 YEAR CAPITAL PLAN					
Row Labels	30401 2022	2023	2024	2025	2026	Total 2022	Total 2023	Total 2024	Total 2025	Total 2026	
Annual Pipe Charge						$ 43,000	$ 43,000	$ 43,000	$ 43,000	$ 43,000	
Capital Cost Share to City of Sequim						$ 80,000	$ 280,000	$ 30,000	$ 110,000	$ 20,000	
3											
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded						$ 250,000					
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A						$ 240,000					
50301.611--PW - ER&R											
2											
Capital Outlay-General Site Maintenance						$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED						$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED						$ 419,600	$ 216,300	$ 222,789	$ 229,473	$ 236,357	
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED						$ 1,655,000	$ 863,725	$ 863,725	$ 863,725	$ 863,725	
00100.241--General Fund--BOCC - Operations											
2											
Replace Color Copier System							$ 19,800				
Replace Black/White Copier								$ 5,500			
19961.291--NonDept - American Rescue Plan Act											
1											
Bipolar Ionization Air Purification System						$ 250,000					
30401.331--Public Works -Dungeness Off Channel Reservoir											
1											
Dungeness Off-Channel Reservoir	$ 3,700,000	$ 3,800,000	$ 7,400,000	$ 9,000,000	$ 9,000,000	$ 3,700,000	$ 3,800,000	$ 7,400,000	$ 9,000,000	$ 9,000,000	
00100.333--General Fund--Comm Dev - Permit Center											
1											
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement						$ 18,358					
Grand Total	**$ 3,700,000**	**$ 3,800,000**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**	**$ 16,072,730**	**$ 17,322,125**	**$ 15,916,314**	**$ 15,646,998**	**$ 13,444,882**	

CAPITAL FUNDING SOURCES/(USES)

BEGINNING FUND BALANCE	**$ 33,174**	**$ 33,174**	**$ -**	**$ -**	**$ -**	**$ 9,619,335**	**$ 4,444,618**	**$ 2,604,546**	**$ 2,069,160**	**$ 2,555,406**	
INFLOW FUNDING	$ 3,700,000	$ 3,200,000	$ -	$ -	$ -	$ 20,785,808	$ 13,705,101	$ 8,987,203	$ 8,932,547	$ 9,039,198	
EXPENDITURES (BEFORE CAPITAL)	$ -	$ -	$ -	$ -	$ -	$ (12,769,484)	$ (4,041,261)	$ (4,122,086)	$ (4,204,528)	$ (4,288,619)	
CAPITAL OUTLAYS (PER ABOVE)	$ (3,700,000)	$ (3,800,000)	$ (7,400,000)	$ (9,000,000)	$ (9,000,000)	$ (15,741,930)	$ (17,103,025)	$ (15,650,014)	$ (15,461,198)	$ (13,259,082)	
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ 33,174**	**$ (566,826)**	**$ (7,400,000)**	**$ (9,000,000)**	**$ (9,000,000)**	**$ 1,893,729**	**$ (2,994,567)**	**$ (8,180,351)**	**$ (8,664,019)**	**$ (5,953,096)**	
TRANSFERS BETWEEN FUNDS						**$ (168,180)**	**$ 673,226**	**$ 436,243**	**$ 585,320**	**$ 604,258**	
OTHER GRANTS/LOAN FUNDING NEEDED		**$ 566,826**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**	**$ 1,294,000**	**$ 566,826**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**	
ADDITIONAL REET FUNDING REQUIRED						**$ 148,580**	**$ -**	**$ -**	**$ -**	**$ -**	
OPPORTUNITY FUND FUNDING REQUIRED						**$ 240,000**	**$ -**	**$ -**	**$ -**	**$ -**	
GENERAL FUND FUNDING REQUIRED	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,328,089**	**$ 4,538,961**	**$ 2,593,169**	**$ 1,814,006**	**$ 514,220**	**$ 10,788,443**

ENDING FUND BALANCE--ADJUSTED **$ 33,174** **$ -** **$ -** **$ -** **$ -**

CLALLAM COUNTY

2022-2026 PROPOSED 5 YEAR CAPITAL--BY FUND

CAPITAL OUTLAYS--ELIGIBLE FOR OPPORTUNITY FUND

NOTE: THESE ITEMS WERE EXCLUDED FROM THE CAPITAL PLAN PENDING FURTHER DISCUSSION OF UNDERLYING ISSUES (SPACE NEEDS AT THE COURTHOUSE, SAFETY/SECURITY ISSUES, FUTURE SYSTEM NEEDS), REPRESENT ITEMS BEST HANDLED THROUGH THE DEPARTMENT REQUEST PROCESS, ARE COVERED BY OTHER BUDGETARY MEANS, OR ARE DEEMED OF LOW ENOUGH OF PRIORITY TO EXCLUDE.

CAPITAL OUTLAYS THAT ARE DEFINITELY OPPORTUNITY FUND ELIGIBLE

Opportunity Fund Eligible?	**Yes**
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	PW--CARLSBORG SEWER									
Column Labels										
	42401					Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
Row Labels	2022	2023	2024	2025	2026					
42401.611--PW - Carlsborg Sewer										
3										
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Oppor	$ 240,000					$ 240,000				
Grand Total	**$ 240,000**					**$ 240,000**				

NOTES REGARDING ELIGIBILITY

As this project will provide for likely lead to the development of a subdivision in the area which will create additional jobs in the County, this project appears eligible for Opportunity Fund.

CAPITAL OUTLAYS THAT ARE POTENTIALLY OPPORTUNITY FUND ELIGIBLE

Opportunity Fund Eligible?	**Maybe**
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	REET I					PW--CLALLAM BAY/SEKIU SEWER					PW--CARLSBORG SEWER									
Column Labels																				
	30201					41401					42401					Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026					
10101.611 PW - ROADS																				
2																				
REET-SUPPORTED ROADS PROJECTS	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000											$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000											$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
41401.611--PW - Clallam Bay-Sekiu Sewer																				
1																				
Replace Driveshaft Bearings for Four Rotating Biological Contactors						$ 80,000	$ -	$ -								$ 80,000	$ -	$ -		
2																				

NOTES REGARDING ELIGIBILITY

IF ROADS DESIGNATED USAGE OF FUNDS FOR SPECIFIC ROAD PROJECTS THAT WILL SUPPORT FURTHER ECONOMIC DEVELOPMENT IN THE COUNTY, POTENTIALLY COULD BE ELIGIBLE FOR OPPORTUNITY FUNDS

IF ROADS DESIGNATED USAGE OF FUNDS FOR SPECIFIC ROAD PROJECTS THAT WILL SUPPORT FURTHER ECONOMIC DEVELOPMENT IN THE COUNTY, POTENTIALLY COULD BE ELIGIBLE FOR OPPORTUNITY FUNDS

AS KEEPING THE CB/SEKIU SEWER SYSTEM PROPERLY FUNCTIONING IS VITAL TO THE CB/SK COMMUNITY, INCLUDING RETENTION OF THE COMMERCIAL BUSINESSES (AND JOBS) THAT ARE RELIANT ON THE SYSTEM, THESE MAJOR INFRASTRUCTURE EQUIPMENT REPLACEMENTS COULD ARGUABLY BE ELIGIBLE FOR OPPORTUNITY FUND.

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY FUND
CAPITAL OUTLAYS--ELIGIBLE FOR OPPORTUNITY FUND

NOTE: THESE ITEMS WERE EXCLUDED FROM THE CAPITAL PLAN PENDING FURTHER DISCUSSION OF UNDERLYING ISSUES (SPACE NEEDS AT THE COURTHOUSE, SAFETY/SECURITY ISSUES, FUTURE SYSTEM NEEDS), REPRESENT ITEMS BEST HANDLED THROUGH THE DEPARTMENT REQUEST PROCESS, ARE COVERED BY OTHER BUDGETARY MEANS, OR ARE DEEMED OF LOW ENOUGH OF PRIORITY TO EXCLUDE.

Sewer Pump Station Repair & Replacement Project						$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ 470,000		$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ 470,000
42401.611--PW - Carlsborg Sewer																
3																
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded											$ 250,000	$ 250,000				
Grand Total	**$ 700,000**	**$ 700,000**	**$ 700,000**	**$ 700,000**	**$ 700,000**	**$ 550,000**	**$ 470,000**	**$ 470,000**	**$ 470,000**	**$ 470,000**	**$ 250,000**	**$ 1,500,000**	**$ 1,170,000**	**$ 1,170,000**	**$ 1,170,000**	**$ 1,170,000**

AS KEEPING THE CB/SEKIU SEWER SYSTEM PROPERLY FUNCTIONING IS VITAL TO THE CB/SK COMMUNITY, INCLUDING RETENTION OF THE COMMERCIAL BUSINESSES (AND JOBS) THAT ARE RELIANT ON THE SYSTEM, THESE MAJOR INFRASTRUCTURE EQUIPMENT REPLACEMENTS COULD ARGUABLY BE ELIGIBLE FOR OPPORTUNITY FUND.

As this project will support the connections of several businesses in the vicinity (one of which has to connect to the system in order to continue operation at its current location), this project could potentially be eligible for Opportunity Fund.

CAPITAL FUNDING SOURCES/(USES)--OPPORTUNITY FUND

BEGINNING FUND BALANCE	**$ 4,875,230**	$ 4,226,281	$ 4,171,127	$ 4,133,857	$ 4,176,577
INFLOW FUNDING	$ 1,675,000	$ 1,750,375	$ 1,829,142	$ 1,911,453	$ 1,997,469
EXPENDITURES (BEFORE CAPITAL)	$ (583,949)	$ (635,529)	$ (696,412)	$ (698,733)	$ (652,925)
CAPITAL OUTLAYS--DEFINITELY ELIGIBLE FOR OPPORTUNITY FUNDS (PER ABOVE)	$ (240,000)	$ -	$ -	$ -	$ -
CAPITAL OUTLAYS--POTENTIALLY ELIGIBLE FOR OPPORTUNITY FUNDS (PER ABOVE)	$ (1,500,000)	$ (1,170,000)	$ (1,170,000)	$ (1,170,000)	$ (1,170,000)
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING	**$ 4,226,281**	**$ 4,171,127**	**$ 4,133,857**	**$ 4,176,577**	**$ 4,351,121**

CLALLAM COUNTY
OPPORTUNITY FUND
PROJECTED SOURCES AND COMMITTED USES--2021-2049 (5 YEAR CAPITAL PLAN ADDITIONAL POTENTIAL SEWER/ROADS PROJECTS, WITH ESTIMATED ADDITIONAL MAXIMUM ANNUAL DEBT SERVICE/GRANT CAPACITY)

NOTE: The projection below assumes the Opportunity Fund tax revenue sunsets in July 2032 and projection extends to 2048 to coincide with the maturity of the County's $10 million Carlsborg Loan which matures in June 2048. Other assumptions include tax revenue annual increase of +20% in 2021 reflecting the strong retail sales recovery seen following the COVID recession, returning to growth of 4.5% after 2022 (historically has averaged 4-5%), interest rate on funds earned of .75% in 2021 and 2022 due to COVID impact on interest rates, returning to 1.8% thereafer and indirects grow at 3%. Current funding commitments to various EDC agencies assumed flat to 2021 original budget, but 2021 has been adjusted for EDC to reflect $320k of additional funding in support of $20k of 2020 costs that were not billed until 2021 and $300k of admin costs related to the ARPA Lifeboat 3 Grant Program. Reflects the resulting estimated remaining funds in the Opportunity Fund to service all current and future commitments. The model below also estimates the maximum additional annual commitments (whether debt service or other grant commitments) that the Opportunity Fund has the estimated capacity to fund and still have sufficient cash to fully fund all current and projected commitments

Normal	4.5%	1.8%
2021 Higher Growth due to COVID Recovery	17.0%	0.8%

	PROJECTED SOURCES OF FUNDING					PROJECTED USES OF FUNDING												
						DEBT SERVICE FUNDING COMMITMENTS						ONGOING SUPPORT/OTHER EXPENDITURES						
Year	Beginning Fund Balance	Tax Revenue (currently set to expire in July 2032)	Interest Income	Other Income (East UGA Sewer System Development Fees, LID 3rd Street Sewer Line Transfer)	TOTAL SOURCES	Carlsborg Sewer Loan (matures June 2048)	Dept of Commerce--Skills Center Loan (matures Jan 2025)	Department of Ecology--Clallam Bay Sekiu Sewer Projected Loan (20 Yr Loan--Estim Maturity Date--2041)	Clallam EDC	SBDC	NODC	Clallam Conservation District (removed as deemed not OF-Eligible)	Transfer to Carlsborg Sewer for Expansion, Clallam Bay/Sekiu Sewer, Roads	Indirects Charges from Clallam GF	Potential Funding of Other Future Debt Service/Grants	TOTAL USES	Net Sources/ (Uses)	Ending Fund Balance
2021	4,171,352	1,608,074	70,000	18,000	**1,696,074**	368,966	48,194		420,000	30,000	3,500	0		4,599	202,000	**1,077,258**	**618,816**	**4,790,168**
2022	4,790,168	1,675,437	32,839	18,000	**1,726,276**	368,103	48,194		120,000	30,000	3,500	0	1,740,000	4,806	202,000	**2,516,603**	**-790,327**	**3,999,841**
2023	3,999,841	1,750,832	69,848	18,000	**1,838,679**	367,241	48,194	58,624	122,400	30,600	3,570	0	1,170,000	5,022	202,000	**2,007,651**	**-168,972**	**3,830,870**
2024	3,830,870	1,829,619	66,965	18,000	**1,914,584**	366,379	48,194	117,247	124,848	31,212	3,641	0	1,170,000	5,248	202,000	**2,068,769**	**-154,185**	**3,676,684**
2025	3,676,684	1,911,952	64,908	18,000	**1,994,860**	365,517	48,194	117,247	127,345	31,836	3,714	0	1,170,000	5,484	202,000	**2,071,338**	**-76,478**	**3,600,207**
2026	3,600,207	1,997,990	64,716	18,000	**2,080,705**	364,655		117,247	129,892	32,473	3,789	0	1,170,000	5,731	202,000	**2,025,787**	**54,919**	**3,655,125**
2027	3,655,125	2,087,899	77,019	18,000	**2,182,918**	363,793		117,247	132,490	33,122	3,864	0		5,989	202,000	**858,506**	**1,324,413**	**4,979,538**
2028	4,979,538	2,181,855	101,679	18,000	**2,301,534**	362,931		117,247	135,139	33,785	3,942	0		6,259	202,000	**861,303**	**1,440,231**	**6,419,769**
2029	6,419,769	2,280,038	128,461	18,000	**2,426,499**	362,069		117,247	137,842	34,461	4,020	0		6,540	202,000	**864,179**	**1,562,319**	**7,982,088**
2030	7,982,088	2,382,640	157,479	18,000	**2,558,119**	361,207		117,247	140,599	35,150	4,101	0		6,835	202,000	**867,138**	**1,690,981**	**9,673,069**
2031	9,673,069	2,489,859	188,854	18,000	**2,696,713**	360,345		117,247	143,411	35,853	4,183	0		7,142	202,000	**870,181**	**1,826,533**	**11,499,602**
2032	11,499,602	1,359,754	211,533	18,000	**1,589,287**	359,483		117,247	146,279	36,570	4,266	0		7,464	202,000	**873,309**	**715,978**	**12,215,580**
2033	12,215,580		212,154	18,000	**230,154**	358,621		117,247	149,205	37,301	4,352	0		7,799	202,000	**876,525**	**-646,371**	**11,569,209**
2034	11,569,209		200,489	18,000	**218,489**	357,759		117,247	152,189	38,047	4,439	0		8,150	202,000	**879,831**	**-661,342**	**10,907,867**
2035	10,907,867		188,555	18,000	**206,555**	356,897		117,247	155,233	38,808	4,528	0		8,517	202,000	**883,229**	**-676,675**	**10,231,192**
2036	10,231,192		176,343	18,000	**194,343**	356,035		117,247	158,337	39,584	4,618	0		8,900	202,000	**886,722**	**-692,379**	**9,538,814**
2037	9,538,814		163,848	18,000	**181,848**	355,172		117,247	161,504	40,376	4,711	0		9,301	202,000	**890,311**	**-708,463**	**8,830,350**
2038	8,830,350		151,062	18,000	**169,062**	354,310		117,247	164,734	41,184	4,805	0		9,719	202,000	**893,999**	**-724,937**	**8,105,413**
2039	8,105,413		137,979	18,000	**155,979**	353,448		117,247	168,029	42,007	4,901	0		10,157	202,000	**897,789**	**-741,810**	**7,363,603**
2040	7,363,603		124,592	18,000	**142,592**	352,586		117,247	171,390	42,847	4,999	0		10,614	202,000	**901,683**	**-759,091**	**6,604,512**
2041	6,604,512		110,892	18,000	**128,892**	351,724		117,247	174,817	43,704	5,099	0		11,091	202,000	**905,683**	**-776,791**	**5,827,721**
2042	5,827,721		96,873	18,000	**114,873**	350,862		117,247	178,314	44,578	5,201	0		11,591	202,000	**909,793**	**-794,920**	**5,032,802**
2043	5,032,802		82,526	18,000	**100,526**	350,000		117,247	181,880	45,470	5,305	0		12,112	202,000	**914,014**	**-813,488**	**4,219,314**
2044	4,219,314		68,900	18,000	**86,900**	349,138			185,518	46,379	5,411	0		12,657	202,000	**801,103**	**-714,203**	**3,505,111**
2045	3,505,111		56,004	18,000	**74,004**	348,276			189,228	47,307	5,519	0		13,227	202,000	**805,557**	**-731,553**	**2,773,558**
2046	2,773,558		42,795	18,000	**60,795**	347,414			193,012	48,253	5,630	0		13,822	202,000	**810,131**	**-749,336**	**2,024,222**
2047	2,024,222		29,265	18,000	**47,265**	346,552			196,873	49,218	5,742	0		14,444	202,000	**814,829**	**-767,564**	**1,256,658**
2048	1,256,658		15,405	18,000	**33,405**	345,690			200,810	50,203	5,857	0		15,094	202,000	**819,653**	**-786,248**	**470,409**
2049	470,409		4,311	18,000	**22,311**				204,826	51,207	5,974	0		15,773	202,000	**479,780**	**-457,469**	**12,940**

CLALLAM COUNTY
OPPORTUNITY FUND
PROJECTED SOURCES AND COMMITTED USES--2021-2049 (5 YEAR CAPITAL PLAN ADDITIONAL POTENTIAL SEWER/ROADS PROJECTS, $2M FORKS SEWER CONTRIBUTION, WITH ESTIMATED ADDITIONAL MAXIMUM ANNUAL DEBT SERVICE/GRANT CAPACITY)

NOTE: The projection below assumes the Opportunity Fund tax revenue sunsets in July 2032 and projection extends to 2048 to coincide with the maturity of the County's $10 million Carlsborg Loan which matures in June 2048. Other assumptions include tax revenue annual increase of +20% in 2021 reflecting the strong retail sales recovery seen following the COVID recession, returning to growth of 4.5% after 2022 (historically has averaged 4-5%), interest rate on funds earned of .75% in 2021 and 2022 due to COVID impact on interest rates, returning to 1.8% thereafer and indirects grow at 3%. Current funding commitments to various EDC agencies assumed flat to 2021 original budget, but 2021 has been adjusted for EDC to reflect $320k of additional funding in support of $20k of 2020 costs that were not billed until 2021 and $300k of admin costs related to the ARPA Lifeboat 3 Grant Program. Reflects the resulting estimated remaining funds in the Opportunity Fund to service all current and future commitments. The model below also estimates the maximum additional annual commitments (whether debt service or other grant commitments) that the Opportunity Fund has the estimated capacity to fund and still have sufficient cash to fully fund all current and projected commitments

	PROJECTED SOURCES OF FUNDING		PROJECTED USES OF FUNDING																
						DEBT SERVICE FUNDING COMMITMENTS			ONGOING SUPPORT/OTHER EXPENDITURES										
Normal	4.5%	1.8%																	
2021 Higher Growth due to COVID Recovery	17.0%	0.8%																	
Year	Beginning Fund Balance	Tax Revenue (currently set to expire in July 2032)	Interest Income	Other Income (East UGA Sewer System Development Fees, LID 3rd Street Sewer Line Transfer)	TOTAL SOURCES	Carlsborg Sewer Loan (matures June 2048)	Dept of Commerce--Skills Center Loan (matures Jan 2025)	Department of Ecology--Clallam Bay Sekiu Sewer Projected Loan (20 Yr Loan--Estim Maturity Date-- 2041)	Clallam EDC	SBDC	NODC	Clallam Conservation District (removed as deemed not OF-Eligible)	Transfer to Carlsborg Sewer for Expansion, Clallam Bay/Sekiu Sewer, Roads	Forks Sewer	Indirects Charges from Clallam GF	Potential Funding of Other Future Debt Service/Grants	TOTAL USES	Net Sources/ (Uses)	Ending Fund Balance
2021	4,171,352	1,608,074	70,000	18,000	**1,696,074**	368,966	48,194		420,000	30,000	3,500	0			4,599	116,000	**991,258**	**704,816**	**4,876,168**
2022	4,876,168	1,675,437	26,307	18,000	**1,719,744**	368,103	48,194		120,000	30,000	3,500	0	1,740,000	2,000,000	4,806	116,000	**4,430,603**	**-2,710,859**	**2,165,309**
2023	2,165,309	1,750,832	37,600	18,000	**1,806,432**	367,241	48,194	58,624	122,400	30,600	3,570	0	1,170,000		5,022	116,000	**1,921,651**	**-115,219**	**2,050,089**
2024	2,050,089	1,829,619	35,685	18,000	**1,883,304**	366,379	48,194	117,247	124,848	31,212	3,641	0	1,170,000		5,248	116,000	**1,982,769**	**-99,465**	**1,950,624**
2025	1,950,624	1,911,952	34,613	18,000	**1,964,565**	365,517	48,194	117,247	127,345	31,836	3,714	0	1,170,000		5,484	116,000	**1,985,338**	**-20,773**	**1,929,852**
2026	1,929,852	1,997,990	35,423	18,000	**2,051,413**	364,655		117,247	129,892	32,473	3,789	0	1,170,000		5,731	116,000	**1,939,787**	**111,626**	**2,041,478**
2027	2,041,478	2,087,899	48,747	18,000	**2,154,647**	363,793		117,247	132,490	33,122	3,864	0			5,989	116,000	**772,506**	**1,382,141**	**3,423,619**
2028	3,423,619	2,181,855	74,446	18,000	**2,274,301**	362,931		117,247	135,139	33,785	3,942	0			6,259	116,000	**775,303**	**1,498,998**	**4,922,617**
2029	4,922,617	2,280,038	102,286	18,000	**2,400,324**	362,069		117,247	137,842	34,461	4,020	0			6,540	116,000	**778,179**	**1,622,145**	**6,544,762**
2030	6,544,762	2,382,640	132,381	18,000	**2,533,021**	361,207		117,247	140,599	35,150	4,101	0			6,835	116,000	**781,138**	**1,751,883**	**8,296,645**
2031	8,296,645	2,489,859	164,853	18,000	**2,672,712**	360,345		117,247	143,411	35,853	4,183	0			7,142	116,000	**784,181**	**1,888,531**	**10,185,176**
2032	10,185,176	1,359,754	188,647	18,000	**1,566,401**	359,483		117,247	146,279	36,570	4,266	0			7,464	116,000	**787,309**	**779,093**	**10,964,268**
2033	10,964,268		190,404	18,000	**208,404**	358,621		117,247	149,205	37,301	4,352	0			7,799	116,000	**790,525**	**-582,121**	**10,382,148**
2034	10,382,148		179,896	18,000	**197,896**	357,759		117,247	152,189	38,047	4,439	0			8,150	116,000	**793,831**	**-595,935**	**9,786,213**
2035	9,786,213		169,139	18,000	**187,139**	356,897		117,247	155,233	38,808	4,528	0			8,517	116,000	**797,229**	**-610,090**	**9,176,122**
2036	9,176,122		158,126	18,000	**176,126**	356,035		117,247	158,337	39,584	4,618	0			8,900	116,000	**800,722**	**-624,596**	**8,551,526**
2037	8,551,526		146,851	18,000	**164,851**	355,172		117,247	161,504	40,376	4,711	0			9,301	116,000	**804,311**	**-639,460**	**7,912,066**
2038	7,912,066		135,307	18,000	**153,307**	354,310		117,247	164,734	41,184	4,805	0			9,719	116,000	**807,999**	**-654,692**	**7,257,374**
2039	7,257,374		123,489	18,000	**141,489**	353,448		117,247	168,029	42,007	4,901	0			10,157	116,000	**811,789**	**-670,301**	**6,587,073**
2040	6,587,073		111,388	18,000	**129,388**	352,586		117,247	171,390	42,847	4,999	0			10,614	116,000	**815,683**	**-686,295**	**5,900,778**
2041	5,900,778		98,999	18,000	**116,999**	351,724		117,247	174,817	43,704	5,099	0			11,091	116,000	**819,683**	**-702,684**	**5,198,094**
2042	5,198,094		86,314	18,000	**104,314**	350,862		117,247	178,314	44,578	5,201	0			11,591	116,000	**823,793**	**-719,479**	**4,478,615**
2043	4,478,615		73,325	18,000	**91,325**	350,000		117,247	181,880	45,470	5,305	0			12,112	116,000	**828,014**	**-736,689**	**3,741,926**
2044	3,741,926		61,081	18,000	**79,081**	349,138			185,518	46,379	5,411	0			12,657	116,000	**715,103**	**-636,022**	**3,105,904**
2045	3,105,904		49,592	18,000	**67,592**	348,276			189,228	47,307	5,519	0			13,227	116,000	**719,557**	**-651,964**	**2,453,939**
2046	2,453,939		37,816	18,000	**55,816**	347,414			193,012	48,253	5,630	0			13,822	116,000	**724,131**	**-668,315**	**1,785,624**
2047	1,785,624		25,744	18,000	**43,744**	346,552			196,873	49,218	5,742	0			14,444	116,000	**728,829**	**-685,085**	**1,100,539**
2048	1,100,539		13,369	18,000	**31,369**	345,690			200,810	50,203	5,857	0			15,094	116,000	**733,653**	**-702,284**	**398,255**
2049	398,255		3,787	18,000	**21,787**				204,826	51,207	5,974	0			15,773	116,000	**393,780**	**-371,994**	**26,261**

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR DEFERRAL--PENDING FURTHER ANALYSIS

NOTE: THESE ITEMS WERE EXCLUDED FROM THE CAPITAL PLAN PENDING FURTHER DISCUSSION OF UNDERLYING ISSUES (SPACE NEEDS AT THE COURTHOUSE, SAFETY/SECURITY ISSUES, FUTURE SYSTEM NEEDS), REPRESENT ITEMS BEST HANDLED THROUGH THE DEPARTMENT REQUEST PROCESS, ARE COVERED BY OTHER BUDGETARY MEANS, OR ARE DEEMED OF LOW ENOUGH OF PRIORITY TO EXCLUDE.

Include in 2023-2026 Capital Plan?	(Multiple Items)
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	GENERAL FUND					REET 1					REET 2					PARKS/ FACILITIES--CAPITAL PROJECTS					IT CAPITAL PROJECTS					PUBLIC WORKS--SOLID WASTE					ARPA								
Column Labels	00100					30101					30201					30501					30701					40201					19961					Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026					
00100.221--General Fund--Auditor																																							
1																																							
Office Rennovation	$ 100,000																																			$ 100,000				
00100.811--General Fund--Sheriff - Operations																																							
1																																							
Sheriff Admin and Operations Relocation	$ 1,025,000																																			$1,025,000				
00100.815--General Fund--Sheriff - Jail																																							
1																																							
Tek84 Intercept Whole Body Security Scanning System and 3 year warranty																															$ -					$ -				
2																																							
Jail Medical Relocation																																							
00100.841--General Fund--Prosecuting Attorney - Operations																																							
1																																							
Security Window & Door for Civil Division	$ 125,000																																			$ 125,000				
Security Window for District Division	$ 25,000																																			$ 25,000				
2																																							
Computer Equipment Replacement		$15,000																																			$ 15,000			
Copier Replacement for District Division		$10,000																																			$ 10,000			
Copier Replacement for Felony Division (2)		$24,000																																			$ 24,000			
3																																							
Space Saver File System Replacement		$11,000																																			$ 11,000			
00100.843--General Fund--Prosecuting Attorney - Coroner																																							
1																																							
Computer/Tech Equipment	$ 7,500																																			$ 7,500				
Office Furniture	$ 3,500																																			$ 3,500				
Coroner Vehicle	$ 50,000																																			$ 50,000				
2																																							
Randox Machine	$ 25,000																																			$ 25,000				
00100.851--General Fund--Juvenile Services																																							
1																																							
Video Conferencing Equipment																																							
2																																							
Metrasens Security Screening	$ 13,000																																			$ 13,000				
Secure Reception Window		$100,000																																			$100,000			
3																																							
Replace or Re-upholster Furnishings	$ 15,000	$ 5,000																																			$ 15,000	$ 5,000			
00100.861--General Fund--Superior Court																																							
1																																							
Courthouse Camera Safety System																																							
One Entrance Courthouse	$ 31,000	$ 1,000	$ 1,000	$ 1,000																																$ 31,000	$ 1,000	$ 1,000	$ 1,000	
Remodel of Judicial Office Space, add Bathroom	$ 75,000																																			$ 75,000				
2																																							
Family Courtroom Bench Remodel (Bullet Proof), Courtroom 3	$ 30,000																																			$ 30,000				
3																																							
Remodel of Therapeutic Court Administrative Offices	$ 75,000																																			$ 75,000				
00100.871--General Fund--District Court I																																							
2																																							
Capital Outlay--Copy/printer/scanner	$ 10,000																																			$ 10,000				
3																																							
Courtroom Furniture		$15,000																																			$ 15,000			
30101.911--Parks and Facilities - Real Estate Excise Tax Projects																																							
3																																							
Parks-Lake Pleasant Playground Equipment							$60,000																																$ 60,000	
Fairgrounds-Add Power and Water to Vendor Spaces						$40,000																																$ 40,000		
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2																																							
3																																							
Facilities-Duct Modification ERV Unit											$ -	$ -	$250,000																								$ -	$ -	$250,000		
Facilities-Jail - Padded Cell Repairs											$ -	$ -	$45,000																								$ -	$ -	$ 45,000		
30501.911--Parks and Facilities - Capital Projects																																							
2																																							
Capital Outlay- Sheriff's Office Kitchen Remodel																$30,000																				$ 30,000				
30701.411--Information Tech - Capital Projects																																							
3																																							
District Court (DISCUS) software project through statePLACEHOLDER FOR DCI / DCII																																							
ECM / PRRs (public records reqs)PLACEHOLDER FOR PRO																																							
Emergency Broadcasting SystemPLACEHOLDER FOR HR RISK MGMT / CCSO																																							
EOC -- relocation																																							
Interactive Smart Boards (4)																					$25,600														$ 25,600				
PACs replacement PLACEHOLDER FOR Assessor / Treasurer system)																																							
Server Hardware Replacement																					$30,000	$30,000	$30,000	$30,000	$30,000										$ 30,000	$ 30,000	$ 30,000	$ 30,000	$30,000
40201.611--PW - Solid Waste																																							

CLALLAM COUNTY
2022-2026 PROPOSED 5 YEAR CAPITAL--BY FUND
CAPITAL OUTLAYS RECOMMENDED FOR DEFERRAL--PENDING FURTHER ANALYSIS

NOTE: THESE ITEMS WERE EXCLUDED FROM THE CAPITAL PLAN PENDING FURTHER DISCUSSION OF UNDERLYING ISSUES (SPACE NEEDS AT THE COURTHOUSE, SAFETY/SECURITY ISSUES, FUTURE SYSTEM NEEDS), REPRESENT ITEMS BEST HANDLED THROUGH THE DEPARTMENT REQUEST PROCESS, ARE COVERED BY OTHER BUDGETARY MEANS, OR ARE DEEMED OF LOW ENOUGH OF PRIORITY TO EXCLUDE.

Include in 2023-2026 Capital Plan?	(Multiple Items)
2022	(All)
2023	(All)
2024	(All)
2025	(All)
2026	(All)

	GENERAL FUND					REET 1					REET 2					PARKS/ FACILITIES--CAPITAL PROJECTS					IT CAPITAL PROJECTS					PUBLIC WORKS--SOLID WASTE					ARPA								
Column Labels																																					
	00100					30101					30201					30501					30701					40201					19961					Total 2022	Total 2023	Total 2024	Total 2025	Total 2026
Row Labels	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026	2022	2023	2024	2025	2026					
3																																								
Blue Mountain Transfer Station Traffic Improvement Construction																										$ 25,000	$175,000									$ 25,000	$ 175,000			
Blue Mountain Transfer Station Traffic Improvement Design																										$ 20,000										$ 20,000				
East Clallam County Solid Waste Study																										$ 80,000	$ -									$ 80,000	$ -			
00100.211--General Fund--Assessor																																								
2																																								
Spacialist software	$ 25,000	$10,000	$ 10,000	$10,000	$10,000																															$ 25,000	$ 10,000	$ 10,000	$ 10,000	$10,000
Grand Total	**$ 1,635,000**	**$91,000**	**$111,000**	**$11,000**	**$10,000**		**$40,000**	**$60,000**			**$ -**	**$ -**	**$45,000**	**$250,000**			**$30,000**				**$30,000**	**$55,600**	**$30,000**	**$30,000**	**$30,000**	**$125,000**	**$175,000**					**$ -**					**$1,790,000**	**$ 351,600**	**$226,000**	**$351,000**	**$40,000**

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUNDING NEED ANALYSIS

	2021	2022	2023	2024	2025	2026	TOTAL
CAPITAL FUNDING SOURCES-- GENERAL FUND, REET I, REET II, OPPORTUNITY FUND							
CAPITAL PROJECT FUND (30501)							
BEGINNING FUND BALANCE--CAPITAL PROJECT FUND (30501)		431,535	431,535	431,535	431,535	431,535	
INFLOW FUNDING		-	-	-	-	-	
EXPENDITURES (BEFORE CAPITAL)		-	-	-	-	-	
ENDING FUND BALANCE--CAPITAL PROJECT FUND (30501)	431,535	431,535	431,535	431,535	431,535	431,535	
IT CAPITAL PROJECT FUND (30701)							
BEGINNING FUND BALANCE--IT CAPITAL PROJECT FUND (30701)		258,606	258,606	258,606	258,606	258,606	
INFLOW FUNDING		-	-	-	-	-	
EXPENDITURES (BEFORE CAPITAL)		-	-	-	-	-	
ENDING FUND BALANCE--IT CAPITAL PROJECT FUND (30701)	258,606	258,606	258,606	258,606	258,606	258,606	
REET I (30101)							
BEGINNING FUND BALANCE--REET I (30101)		1,519,529	3,009,529	4,529,329	6,079,525	7,660,725	
INFLOW FUNDING		1,490,000	1,519,800	1,550,196	1,581,200	1,612,824	
EXPENDITURES (BEFORE CAPITAL)		-					
ENDING FUND BALANCE--REET I (30101)	1,519,529	3,009,529	4,529,329	6,079,525	7,660,725	9,273,549	
REET II (30201)							
BEGINNING FUND BALANCE--REET II (30201)		1,427,282	2,917,282	4,437,082	5,987,278	7,568,478	
INFLOW FUNDING		1,490,000	1,519,800	1,550,196	1,581,200	1,612,824	
EXPENDITURES (BEFORE CAPITAL)		-					
ENDING FUND BALANCE--REET II (30201)	1,427,282	2,917,282	4,437,082	5,987,278	7,568,478	9,181,302	
OPPORTUNITY FUND (19941)							
BEGINNING FUND BALANCE--OPPORTUNITY FUND (19941)		4,875,230	5,966,281	7,081,127	8,213,857	9,426,577	
INFLOW FUNDING		1,675,000	1,750,375	1,829,142	1,911,453	1,997,469	
EXPENDITURES (BEFORE CAPITAL--INCLUDES DEBT SERVICE COSTS)		(583,949)	(635,529)	(696,412)	(698,733)	(652,925)	
ENDING FUND BALANCE--OPPORTUNITY FUND (19941)	4,875,230	5,966,281	7,081,127	8,213,857	9,426,577	10,771,121	
TOTAL CAPITAL RESERVES AVAILABLE FOR ALL CAPITAL REQUESTS	**8,512,182**	**12,583,233**	**16,737,679**	**20,970,801**	**25,345,921**	**29,916,112**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUNDING NEED ANALYSIS

		2021	2022	2023	2024	2025	2026	TOTAL
LESS: MANDATORY/RECURRING/REGULAR REPLACEMENT			872,330	1,235,800	621,800	656,800	566,800	3,953,530
LESS: PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS FROM PRIOR YEAR			841,000	-	-	-	-	841,000
LESS: ROADS PROJECTS SUPPORTED THRU REET			1,100,000	700,000	700,000	700,000	700,000	3,900,000
TOTAL REMAINING CAPITAL RESERVES FOR OTHER KEY INITIATIVE CAPITAL REQUESTS			**9,769,903**	**11,988,549**	**14,899,871**	**17,918,191**	**21,221,582**	
PRIORITY 1 REQUESTS			12,642,100	11,081,800	10,649,800	11,124,800	10,926,800	56,425,300
LESS: MANDATORY/RECURRING/REGULAR REPLACEMENT	1		(710,300)	(708,800)	(458,800)	(538,800)	(448,800)	(2,865,500)
LESS: PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	1		(351,000)	-	-	-	-	(351,000)
LESS: ROADS PROJECTS SUPPORTED THRU REET	1		-	-	-	-	-	-
LESS: ER&R SUPPORTED THRU ERR	1		-	-	-	-	-	-
LESS: ER&R SUPPORTED THRU GENERAL FUND	1		-	-	-	-	-	-
LESS: ER&R SUPPORTED THRU ROADS	1		-	-	-	-	-	-
LESS: ARPA FUNDED CAPITAL OUTLAYS--OTHER	1		(250,000)	-	-	-	-	(250,000)
LESS: NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	1		(508,300)	(277,000)	(275,000)	(270,000)	(225,000)	(1,555,300)
LESS: GRANTS/LOANS AVAILABLE FUNDING			(5,536,612)	(7,175,338)	(9,008,760)	(9,150,395)	(9,598,795)	(40,469,900)
TOTAL PRIORITY 1 OTHER CAPITAL REQUESTS REQUIRING FUNDING			**5,285,888**	**2,920,662**	**907,240**	**1,165,605**	**654,205**	**10,933,600**
PRIORITY 2 REQUESTS			4,413,600	6,312,325	5,264,514	3,295,198	2,490,082	21,775,719
LESS: MANDATORY/RECURRING/REGULAR REPLACEMENT	2		(115,000)	(489,000)	(80,000)	(80,000)	(80,000)	(844,000)
LESS: PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	2		-	-	-	-	-	-
LESS: ROADS PROJECTS SUPPORTED THRU REET	2		(1,100,000)	(700,000)	(700,000)	(700,000)	(700,000)	(3,900,000)
LESS: ER&R SUPPORTED THRU ERR	2		(130,000)	(130,000)	(130,000)	(130,000)	(130,000)	(650,000)
LESS: ER&R SUPPORTED THRU GENERAL FUND	2		(419,600)	(216,300)	(222,789)	(229,473)	(236,357)	(1,324,519)
LESS: ER&R SUPPORTED THRU ROADS	2		(1,655,000)	(863,725)	(863,725)	(863,725)	(863,725)	(5,109,900)
LESS: NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	2		-	(310,000)	-	-	-	(310,000)
LESS: GRANTS/LOANS AVAILABLE FUNDING			-	(37,500)	-	-	-	(37,500)
TOTAL PRIORITY 2 OTHER CAPITAL REQUESTS REQUIRING FUNDING			**994,000**	**3,565,800**	**3,268,000**	**1,292,000**	**480,000**	**9,599,800**
PRIORITY 3 REQUESTS			782,030	304,600	228,000	1,578,000	68,000	2,960,630
LESS: MANDATORY/RECURRING/REGULAR REPLACEMENT	3		(47,030)	(38,000)	(83,000)	(38,000)	(38,000)	(244,030)
LESS: PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	3		(490,000)	-	-	-	-	(490,000)
LESS: ROADS PROJECTS SUPPORTED THRU REET	3		-	-	-	-	-	-
LESS: ER&R SUPPORTED THRU ERR	3		-	-	-	-	-	-
LESS: ER&R SUPPORTED THRU GENERAL FUND	3		-	-	-	-	-	-
LESS: ER&R SUPPORTED THRU ROADS	3		-	-	-	-	-	-

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUNDING NEED ANALYSIS

		2021	2022	2023	2024	2025	2026	TOTAL
	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH							
LESS:	GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET							
	FUNDING NEEDED)	3	-	-	-	-	-	-
LESS:	GRANTS/LOANS AVAILABLE FUNDING		(60,000)	-	(20,000)	(600,000)	-	(680,000)
TOTAL PRIORITY 3 OTHER CAPITAL REQUESTS REQUIRING FUNDING			**185,000**	**266,600**	**125,000**	**940,000**	**30,000**	**1,546,600**
TOTAL NET CAPITAL REQUESTS			**6,464,888**	**6,753,062**	**4,300,240**	**3,397,605**	**1,164,205**	**22,080,000**
ENDING CAPITAL RESERVES--IF PRIORITY 1 REQUESTS ONLY FUNDED			**4,484,015**	**3,781,999**	**6,587,954**	**7,638,796**	**10,287,982**	
ENDING CAPITAL RESERVES--IF PRIORITY 1 & 2 REQUESTS FUNDED			**3,490,015**	**(777,801)**	**(1,239,846)**	**(1,481,004)**	**688,182**	
ENDING CAPITAL RESERVES--IF PRIORITY 1, 2 & 3 REQUESTS FUNDED			**3,305,015**	**(1,229,401)**	**(1,816,446)**	**(2,997,604)**	**(858,418)**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
SUMMARY BY KEY PROJECT INITIATIVE

	2022				2023				2024			
PRIORITY RANKING	**1**	**2**	**3**	**TOTAL**	**1**	**2**	**3**	**TOTAL**	**1**	**2**	**3**	**TOTAL**
KEY PROJECT INITIATIVE												
EOC RELOCATION	2,100,000	-	-	2,100,000	2,100,000	-	-	2,100,000	-	-	-	-
DISASTER RECOVERY/BUSINESS CONTINUITY	-	137,000	-	137,000	-	-	-	-	-	-	-	-
COURTHOUSE SPACE ASSESSMENT AND RE-ALIGNMENT	75,000	-	75,000	150,000	-	-	-	-	-	-	-	-
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	251,000	343,000	-	594,000	1,000	-	-	1,000	1,000	100,000	-	101,000
JAIL MASTER PLAN	1,025,000	-	-	1,025,000	-	-	-	-	-	-	-	-
JUVIE MASTER PLAN	-	-	-	-	-	1,325,000	-	1,325,000	-	152,500	75,000	227,500
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	840,000	-	-	840,000	1,780,000	1,625,000	-	3,405,000	1,780,000	1,780,000	-	3,560,000
IT INFRASTRUCTURE INITIATIVE--VIRTUALIZATION	-	-	-	-	-	-	-	-	-	-	-	-
IT INFRASTRUCTURE INITIATIVE--NETWORK	-	-	30,000	30,000	-	-	55,600	55,600	-	-	30,000	30,000
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	130,000	19,000	-	149,000	-	-	-	-	-	750,000	-	750,000
IT INFRASTRUCTURE INITIATIVE--PHONE SYSTEM	-	-	-	-	-	-	-	-	-	-	-	-
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	1,680,000	470,000	-	2,150,000	2,400,000	470,000	-	2,870,000	720,000	470,000	-	1,190,000
DEEP WATER WELL/WATER MITIGATION	3,950,000	-	-	3,950,000	3,800,000	-	-	3,800,000	7,400,000	-	-	7,400,000
TOTAL KEY PROJECT INITIATIVES	**10,051,000**	**969,000**	**105,000**	**11,125,000**	**10,081,000**	**3,420,000**	**55,600**	**13,556,600**	**9,901,000**	**3,252,500**	**105,000**	**13,258,500**
OTHER NON-RECURRING CAPITAL OUTLAY	771,500	25,000	140,000	936,500	15,000	183,300	211,000	409,300	15,000	15,500	40,000	70,500
TOTAL CAPITAL REQUESTS--EXCLUDING MANDATORY/RECURRING, PREVIOUSLY APPROVED CAPITAL, ROADS PROJECT SUPPORT & CAPITAL REQUESTS FULLY FUNDED THROUGH GRANTS/DEDICATED FUNDING	**10,822,500**	**994,000**	**245,000**	**12,061,500**	**10,096,000**	**3,603,300**	**266,600**	**13,965,900**	**9,916,000**	**3,268,000**	**145,000**	**13,329,000**
MANDATORY/RECURRING/REGULAR REPLACEMENT	710,300	115,000	47,030	872,330	708,800	489,000	38,000	1,235,800	458,800	80,000	83,000	621,800
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	351,000	-	490,000	841,000	-	-	-	-	-	-	-	-
ROADS PROJECTS SUPPORTED THRU REET	-	1,100,000	-	1,100,000	-	700,000	-	700,000	-	700,000	-	700,000
ER&R SUPPORTED THRU ERR	-	130,000	-	130,000	-	130,000	-	130,000	-	130,000	-	130,000
ER&R SUPPORTED THRU GENERAL FUND	-	419,600	-	419,600	-	216,300	-	216,300	-	222,789	-	222,789
ER&R SUPPORTED THRU ROADS	-	1,655,000	-	1,655,000	-	863,725	-	863,725	-	863,725	-	863,725
ARPA FUNDED CAPITAL OUTLAYS--OTHER	250,000	-	-	250,000	-	-	-	-	-	-	-	-
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	508,300	-	-	508,300	277,000	310,000	-	587,000	275,000	-	-	275,000
TOTAL CAPITAL REQUESTS--MANDATORY, PREVIOUSLY APPROVED CAPITAL, ROADS PROJECTS SUPPORT, AND CAPITAL FULLY THROUGH GRANTS/DEDICATED FUNDING (NOT GENERAL FUND/REET SUPPORTED)	**1,819,600**	**3,419,600**	**537,030**	**5,776,230**	**985,800**	**2,709,025**	**38,000**	**3,732,825**	**733,800**	**1,996,514**	**83,000**	**2,813,314**
TOTAL CAPITAL REQUESTS	**12,642,100**	**4,413,600**	**782,030**	**17,837,730**	**11,081,800**	**6,312,325**	**304,600**	**17,698,725**	**10,649,800**	**5,264,514**	**228,000**	**16,142,314**
GRANT/LOAN FUNDING FOR CAPITAL REQUESTS	-	-	-	-	-	-	-	-	-	-	-	-
PRIORITY 1 GRANT/LOAN FUNDING	5,536,612			5,536,612	7,175,338			7,175,338	9,008,760			9,008,760
PRIORITY 2 GRANT/LOAN FUNDING		-		-		37,500		37,500		-		-
PRIORITY 3 GRANT/LOAN FUNDING			60,000	60,000			-	-			20,000	20,000
TOTAL GRANTS/LOAN FUNDING	**5,536,612**	**-**	**60,000**	**5,596,612**	**7,175,338**	**37,500**	**-**	**7,212,838**	**9,008,760**	**-**	**20,000**	**9,028,760**
TOTAL CAPITAL FUNDING NEED--NET OF GRANTS/LOANS	**7,105,488**	**4,413,600**	**722,030**	**12,241,118**	**3,906,462**	**6,274,825**	**304,600**	**10,485,887**	**1,641,040**	**5,264,514**	**208,000**	**7,113,554**

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 Y
SUMMARY BY KEY PROJECT INITIATIVE

	2025				2026				TOTAL--5 YEAR			
	1	2	3	TOTAL	1	2	3	TOTAL	1	2	3	TOTAL
KEY PROJECT INITIATIVE												
EOC RELOCATION	-	-	-	-	-	-	-	-	4,200,000	-	-	4,200,000
DISASTER RECOVERY/BUSINESS CONTINUITY	-	12,000	-	12,000	-	-	-	-	-	149,000	-	149,000
COURTHOUSE SPACE ASSESSMENT AND RE-ALIGNMENT	-	-	-	-	-	-	-	-	75,000	-	75,000	150,000
COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	1,000	-	-	1,000	-	-	-	-	254,000	443,000	-	697,000
JAIL MASTER PLAN	-	-	-	-	-	-	-	-	1,025,000	-	-	1,025,000
JUVIE MASTER PLAN	-	800,000	-	800,000	-	-	-	-	-	2,277,500	75,000	2,352,500
COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	800,000	-	-	800,000	800,000	-	-	800,000	6,000,000	3,405,000	-	9,405,000
IT INFRASTRUCTURE INITIATIVE--VIRTUALIZATION	-	-	-	-	-	-	-	-	-	-	-	-
IT INFRASTRUCTURE INITIATIVE--NETWORK	-	-	30,000	30,000	-	-	30,000	30,000	-	-	175,600	175,600
IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	-	-	-	-	-	-	-	-	130,000	769,000	-	899,000
IT INFRASTRUCTURE INITIATIVE--PHONE SYSTEM	-	-	-	-	-	-	-	-	-	-	-	-
SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	500,000	470,000	-	970,000	438,000	470,000	-	908,000	5,738,000	2,350,000	-	8,088,000
DEEP WATER WELL/WATER MITIGATION	9,000,000	-	-	9,000,000	9,000,000	-	-	9,000,000	33,150,000	-	-	33,150,000
TOTAL KEY PROJECT INITIATIVES	**10,301,000**	**1,282,000**	**30,000**	**11,613,000**	**10,238,000**	**470,000**	**30,000**	**10,738,000**	**50,572,000**	**9,393,500**	**325,600**	**60,291,100**
OTHER NON-RECURRING CAPITAL OUTLAY	15,000	10,000	1,510,000	1,535,000	15,000	10,000	-	25,000	831,500	243,800	1,901,000	2,976,300
TOTAL CAPITAL REQUESTS--EXCLUDING MANDATORY/RECURRING, PREVIOUSLY APPROVED CAPITAL, ROADS PROJECT SUPPORT & CAPITAL REQUESTS FULLY FUNDED THROUGH GRANTS/DEDICATED FUNDING	**10,316,000**	**1,292,000**	**1,540,000**	**13,148,000**	**10,253,000**	**480,000**	**30,000**	**10,763,000**	**51,403,500**	**9,637,300**	**2,226,600**	**63,267,400**
MANDATORY/RECURRING/REGULAR REPLACEMENT	538,800	80,000	38,000	656,800	448,800	80,000	38,000	566,800	2,865,500	844,000	244,030	3,953,530
PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	-	-	-	-	-	-	-	-	351,000	-	490,000	841,000
ROADS PROJECTS SUPPORTED THRU REET	-	700,000	-	700,000	-	700,000	-	700,000	-	3,900,000	-	3,900,000
ER&R SUPPORTED THRU ERR	-	130,000	-	130,000	-	130,000	-	130,000	-	650,000	-	650,000
ER&R SUPPORTED THRU GENERAL FUND	-	229,473	-	229,473	-	236,357	-	236,357	-	1,324,519	-	1,324,519
ER&R SUPPORTED THRU ROADS	-	863,725	-	863,725	-	863,725	-	863,725	-	5,109,900	-	5,109,900
ARPA FUNDED CAPITAL OUTLAYS--OTHER	-	-	-	-	-	-	-	-	250,000	-	-	250,000
NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	270,000	-	-	270,000	225,000	-	-	225,000	1,555,300	310,000	-	1,865,300
TOTAL CAPITAL REQUESTS--MANDATORY, PREVIOUSLY APPROVED CAPITAL, ROADS PROJECTS SUPPORT, AND CAPITAL FULLY THROUGH GRANTS/DEDICATED FUNDING (NOT GENERAL FUND/REET SUPPORTED)	**808,800**	**2,003,198**	**38,000**	**2,849,998**	**673,800**	**2,010,082**	**38,000**	**2,721,882**	**5,021,800**	**12,138,419**	**734,030**	**17,894,249**
TOTAL CAPITAL REQUESTS	**11,124,800**	**3,295,198**	**1,578,000**	**15,997,998**	**10,926,800**	**2,490,082**	**68,000**	**13,484,882**	**56,425,300**	**21,775,719**	**2,960,630**	**81,161,649**
GRANT/LOAN FUNDING FOR CAPITAL REQUESTS	-	-	-	-	-	-	-	-	-	-	-	-
PRIORITY 1 GRANT/LOAN FUNDING	9,150,395			9,150,395	9,598,795			9,598,795	40,469,900	-	-	40,469,900
PRIORITY 2 GRANT/LOAN FUNDING		-		-		-		-	-	37,500	-	37,500
PRIORITY 3 GRANT/LOAN FUNDING			600,000	600,000			-	-	-	-	680,000	680,000
TOTAL GRANTS/LOAN FUNDING	**9,150,395**	**-**	**600,000**	**9,750,395**	**9,598,795**	**-**	**-**	**9,598,795**	**40,469,900**	**37,500**	**680,000**	**41,187,400**
TOTAL CAPITAL FUNDING NEED--NET OF GRANTS	**1,974,405**	**3,295,198**	**978,000**	**6,247,603**	**1,328,005**	**2,490,082**	**68,000**	**3,886,087**	**15,955,400**	**21,738,219**	**2,280,630**	**39,974,249**

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--If from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	19961.291--NonDept - American Rescue Plan Act	Bipolar Ionization Air Purification System	ARPA FUNDED CAPITAL OUTLAYS--OTHER	Building, Facility & Grounds Improvements	$ 250,000	Yes		$ 250,000		$ 250,000					$ 250,000	ARPA Funds needed to support the purchase and installation cost of a bipolar ionization air purification system to sanitize particles in the air in the Courthouse main HVAC system, Jail main HVAC system, Juvenile Center HVAC- Admin and Detention areas, Veterans' Center HVAC system, Elections Center HVAC system, Third Street Building HVAC system, and Fairgrounds office and house HVAC system. Independent laboratory testing results in a reduction of Human Coronavirus of up to 99%. BOCC APPROVED ARPA FUNDING FOR IN 9/27/21 WORK SESSION.
		TOTAL CAPITAL OUTLAY REQUESTED			**$ 250,000**		**$ -**	**$ 250,000**	**$ -**	**$ 250,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 250,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
2	30501.911--Parks and Facilities - Capital Projects	Capital Outlay- Sheriff's Office Kitchen Remodel	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 30,000	No	$ 30,000				$ 30,000				$ 30,000	The Sheriff's Office kitchen area is in the main administrative section of the department, is visible to visitors, and used 24/7 by administration, patrol, and volunteers. The flooring and walls are in need of repair and repainting due to appliances and cabinets being removed over the past years and normal wear and tear. From floor to ceiling the entire area is worn out and uncleanable due to age. We are requesting a complete remodel of the area, including new sink, cabinets, flooring, counters and paint. Cost is only a guess as Facilities will need to obtain a quote from a contractor.
2	30501.911--Parks and Facilities - Capital Projects	Jail and Courthouse Replace Fire Heads, Alarms, Sprinklers	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 700,000	Yes	$ 700,000				$ 700,000				$ 700,000	Replacement of the existing aging system with addressable heads. Addressable fire detection heads allow for immediately determining which head triggered the alarm which in turn allows for much quicker response negating the need to do a room by room search.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Courthouse VAV Air System Box Replacement	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 4,000,000	Yes	$ 4,000,000			$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 800,000	$ 4,000,000	Replace/Rebuild 100+ VAV heat boxes--due to 40 year old system, most are non-functional which impairs effectiveness of HVAC system. While not enough to recoup cost, estimated annual energy savings of $22,000-$25,000 will result once all are replaced.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Courthouse Generator Replacement Option #1	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 1,500,000	Yes	$ 1,500,000				$ 1,500,000				$ 1,500,000	Option 1. 1 Mw unit to replace existing for Courthouse and Jail coverage (40 year old generator nearing end-of-life). This option would provide adequate temporary power for the Courthouse and the Jail, and would meet the needs of the facility for the next 20 years.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Courthouse Jail Outdoor Recreation Area Concrete Slab Repair/Replacement	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 95,000	yes	$ 95,000				$ 95,000				$ 95,000	Due to bluff settling, the ground on the north side of the courthouse property has caused the slab floor to the Jail Rec. area to move downward and to separate from the concrete block wall. An thorough assessment of the issue is necessary and ultimately a repair must be made.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Courthouse Replace Electrical Branch Panels	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 400,000	Yes	$ 400,000				$ 400,000				$ 400,000	Replace electrical branch panels with replaceable components as current Federal Pacific Equip. parts are no longer available.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-16th Street Storage Roof and Exterior Work	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 400,000	yes	$ 400,000				$ 400,000				$ 400,000	A determination of this facilities long term use should be decided prior to any improvement project being completed. Is the best use a storage facility (as it is currently used) or, of much needed office space? However, both options both have different requirements.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Courthouse Replace Hydronic and Hot Water Storage Tanks	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 280,000	Yes	$ 280,000				$ 280,000				$ 280,000	Replacement of the existing courthouse hot water and hydronic tanks will be required due to the interior of the tanks degradation. Over the 40 years since they were installed, the tank interiors have begun to separate from the exterior shell. Replacement is inevitable and should be done within the next 2-3 years.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	**30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2**	Facilities-Courthouse Hydronic Heating Lines Replacement	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 1,160,000	Yes		$ 1,160,000		$ 40,000	$ 560,000	$ 560,000			$ 1,160,000	Replace the Courthouse hydronic heating lines. We continue to have sparadic failures throughout the facility. These failures could at some point cause significant issues to the Courthouse wiring and computer networking systems. 2022 reflects costs of creation of contruction work plan document, with 2023/2024 reflecting the actual replacement of the water lines.
1	**30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2**	Facilities-Courthouse Domestic Water Lines Replacement	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	Building, Facility & Grounds Improvements	$ 840,000	Yes		$ 840,000			$ 420,000	$ 420,000			$ 840,000	The water lines throughout the main courthouse are periodically failing. An assessment of the situation revealed that the problem is likely due to pressure within the pipes from the original one speed circulating pumps (which have now been replaced with variable speed pumps) but the damage was done. It is impossible to determine the extent of the damage but it is safe to assume there will likely be more failures and repair work to come. Replacing the water lines throughout the building is prudent to ensure that we don't have significant failures in the future.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 9,405,000**		**$ 730,000**	**$ 8,675,000**	**$ -**	**$ 840,000**	**$ 3,405,000**	**$ 3,560,000**	**$ 800,000**	**$ 800,000**	**$ 9,405,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fall within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.861--General Fund--Superior Court	Remodel of Judicial Office Space, add Bathroom	COURTHOUSE SPACE ASSESSMENT AND RE-ALIGNMENT	Building, Facility & Grounds Improvements	$ 75,000	No	$ 75,000			$ 75,000					$ 75,000	Remodel of Judicial office located next to Court Administrator to add a private bathroom attached to the office to comply with privacy, safety and security of the judicial officer. We would like to use the storage closet located on the other side of the wall next to the judicial office. The remodel would include creating a door within the judge office to the storage closet, plumbing, electrical, and appliances. FACILITIES COMMENTS--THIS IS A HIGHLY UNCERTAIN COST GIVEN THE EXTENSIVE WORK INVOLVED BASED ON LAST SIMILAR PROJECT DONE IN 2008; FURTHER ANALYSIS IS NEEDED INCLUDING WHETHER SPACE PROPOSED FOR BATHROOM IS FEASIBLE.
3	00100.861--General Fund--Superior Court	Remodel of Therapeutic Court Administrative Offices	COURTHOUSE SPACE ASSESSMENT AND RE-ALIGNMENT	Building, Facility & Grounds Improvements	$ 75,000	No	$ 75,000			$ 75,000					$ 75,000	Historic Courthouse: Remodel for additional office space from 2 offices to 3. Remove walls, replace walls, doors, flooring, wiring and electrical. This is not based on a quote, but a general estimation.
	TOTAL CAPITAL OUTLAY REQUESTED				$ 150,000		$ 150,000	$ -	$ -	$ 150,000	$ -	$ -	$ -	$ -	$ 150,000	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	**FUND/ DEPARTMENT**	**CAPITAL ITEM OR PROJECT DESCRIPTION**	**KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY**	**CAPITAL OUTLAY TYPE**	**AMOUNT OF REQUEST**	**BASED ON QUOTE REC'D?**	**GENERAL FUND**	**OTHER FUND RESERVES**	**GRANT/ LOAN NEW FUNDING**	**2022**	**2023**	**2024**	**2025**	**2026**	**TOTAL**	**REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.**
3	**30701.411--Information Tech - Capital Projects**	Emergency Broadcasting System PLACEHOLDER FOR HR RISK MGMT / CCSO	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Information Technology Capital			$ -								$ -	HR and CCSO will make determination on need
1	**00100.841--General Fund--Prosecuting Attorney - Operations**	Security Window & Door for Civil Division	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Building, Facility & Grounds Improvements	$ 125,000	No	$ 125,000			$ 125,000					$ 125,000	Total amount based on PFF estimate documented in 2019 budget planning process. Staff safety and security of confidential case files should be top priority.
1	**00100.841--General Fund--Prosecuting Attorney - Operations**	Security Window for District Division	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Building, Facility & Grounds Improvements	$ 25,000	No	$ 25,000			$ 25,000					$ 25,000	Total amount based on PFF estimate documented in 2019 budget planning process. Staff safety and security of confidential case files should be top priority.
2	**00100.851--General Fund--Juvenile Services**	Secure Reception Window	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Building, Facility & Grounds Improvements	$ 100,000	No	$ 100,000		Will research			$ 100,000			$ 100,000	The Reception area in the Juvenile Services lobby is the first line of defense in a crisis situation and is basically wide open to the public with no security measures in place. The current design could be modified to include bullet-proof glass and reinforced counter, secure pass-through drawers, and intercom system.
2	**00100.851--General Fund--Juvenile Services**	Metrasens Security Screening	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Machinery and Equipment	$ 13,000	Yes	$ 13,000		Will research	$ 13,000					$ 13,000	The lobby area at Juvenile Services provides direct entry into the Juvenile Courtroom with no security measures in place. The Matrasens Security Screener is a, simple, compact, unabtrusive "metal detector" that could quickly and easily be posted in the lobby area as visitors enter the facility. The single unit includes a 2 year warranty and staff training. ML COMMENT--PENDING DETERMININATION OF HOW SUCH EQUIPMENT WILL BE MANNED, RECOMMEND DEFERRING REQUEST.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.861--General Fund--Superior Court	One Entrance Courthouse	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Other	$ 34,000	No	$ 34,000			$ 31,000	$ 1,000	$ 1,000	$ 1,000		$ 34,000	Security Screening equipment, remodel of courthouse entrance for screening purposes, yearly maintenance contract for screening equipment. (Does not include Employee Cost) This request is not based on a quote, and based on general estimate. This is a request to support the safety and security of County employees and the public. Superior Court continues to believe that courthouse security measures are inadequate, and strongly advocates for implementation of all provisions set forth in GR 36(g)(1-7). Superior Court does believe that these measures should be funded in coordination and cooperation with all branches of government and all county departments. The recent closure of the courthouse due to a bomb scare is another reminder that courthouse security is response oriented as opposed to prevention oriented. FACILITIES COMMENTS--THIS REQUEST IS MUCH MORE INVOLVED AND ALL ENCOMPASSING REGARDING INSURING SUFFICIENT SECURITY OF THE OVERALL CH FACILITY, AND GIVEN THE PHYSICAL CONFIGURATION OF POINTS OF ENTRY OF THE CH BUILDING AND THE SC/DC COURTS THEMSELVES WHICH ARE NOT EASILY ADDRESS--FURTHER REVIEW OF GR36 BY FACILITIES IS REQUIRED ALONG WITH FURTHER DISCUSSIONS WITH STAKEHOLDERS NEEDED BEFORE PROCEEDING IN ADDRESSING.
1	00100.861--General Fund--Superior Court	Courthouse Camera Safety System	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Other										$ -		Camera system throughout the courthouse, installation, IT, maintenance contract. This is not based on a quote, but a general estimation. This would support the safety and security of County employees and the public. THIS REQUEST IS COVERED UNDER COMPREHENSIVE COURTHOUSE CAMERA UPGRADE UNDER REET PROPOSED PROJECTS.
2	00100.861--General Fund--Superior Court	Family Courtroom Bench Remodel (Bullet Proof), Courtroom 3	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Building, Facility & Grounds Improvements	$ 30,000	No	$ 30,000			$ 30,000				$ 30,000		Bullet proof wall for entire front of judicial bench and clerk desk. This is not based on a quote, but rather an estimation. FACILITIES COMMENTS--THE COST OF THIS IS MOST LIKELY SIGNIFICANT MORE THAN ESTIMATE BASED ON SIMILAR BUT SMALLER WORK DONE FOR DC2 IN 2008 @ COST OF $109K--FURTHER EVALUATION IS NEEDED.
1	30501.911--Parks and Facilities - Capital Projects	Facility Building Security & Safety Assessment Study	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Building, Facility & Grounds Improvements	$ 70,000	No	$ 70,000			$ 70,000				$ 70,000		Given the number of departments that have expressed concerns and requests regarding building security, including the County's compliance with GR-36 Trial Court Security, an outside study is needed to assess the Courthouse and Juvenile Facility building security and safety that can serve as a road-map to address security concerns and deficiencies identified within our facilities.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	**FUND/ DEPARTMENT**	**CAPITAL ITEM OR PROJECT DESCRIPTION**	**KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY**	**CAPITAL OUTLAY TYPE**	**AMOUNT OF REQUEST**	**BASED ON QUOTE REC'D?**	**GENERAL FUND**	**OTHER FUND RESERVES**	**GRANT/ LOAN NEW FUNDING**	**2022**	**2023**	**2024**	**2025**	**2026**	**TOTAL**	**REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.**
2	**30101.911--Parks and Facilities - Real Estate Excise Tax Projects**	Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.	COURTHOUSE/JUVENILE SERVICES BUILDING SECURITY	Building, Facility & Grounds Improvements	$ 300,000	No		$ 300,000		$ 300,000				$ -	$ 300,000	The existing card reader and camera systems are dated and should be replaced. The new system would expand on the existing by adding additional cameras as well as Access Badge Card Readers. This improves and expands the ability of Courthouse Emergency Response and Staff personnel to lock down not only the facility, but individual Office and Departments as well.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 697,000**		**$ 397,000**	**$ 300,000**	**$ -**	**$ 594,000**	**$ 1,000**	**$ 101,000**	**$ 1,000**	**$ -**	**$ 697,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fall within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	**FUND/ DEPARTMENT**	**CAPITAL ITEM OR PROJECT DESCRIPTION**	**KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY**	**CAPITAL OUTLAY TYPE**	**AMOUNT OF REQUEST**	**BASED ON QUOTE REC'D?**	**GENERAL FUND**	**OTHER FUND RESERVES**	**GRANT/ LOAN NEW FUNDING**	**2022**	**2023**	**2024**	**2025**	**2026**	**TOTAL**	**REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.**
1	**30901.331--Comm Dev - Carlsborg Water Mitigation**	Carlsorg Deep Water Well	DEEP WATER WELL/WATER MITIGATION	PW Capital Asset Construction	$ 250,000	No		$ 250,000		$ 250,000	$ -	$ -	$ -	$ -	$ 250,000	Represents amount estimated to complete the Carlsborg Deep Well project that began in 2019 at a higher cost than expected. Completion depends on Ecology approval.
1	**30401.331--Public Works - Dungeness Off Channel Reservoir**	Dungeness Off-Channel Reservoir	DEEP WATER WELL/WATER MITIGATION	PW Capital Asset Construction	$ 32,900,000	No		$ -	$ 32,900,000	$ 3,700,000	$ 3,800,000	$ 7,400,000	$ 9,000,000	$ 9,000,000	$ 32,900,000	This is a complex reservoir project that we do not have all the funding for to complete. Project began planning in 2019 and assumes completion of construction in 2026. Total Cost expected to be approx. $34M, with $32,900,000 expenditures remaining for 2022 - 2026. Of the $32,900,000, $6.9M is remaining from grant funding for 2022 - 2026, leaving a funding gap of approximately $26M. The timing of obtaining all the funding we need is unknown at this time so 2026 completion is very uncertain. Currently are using Ecology Streamflow Restoration Grant funding.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 33,150,000**		**$ -**	**$ 250,000**	**$ 32,900,000**	**$ 3,950,000**	**$ 3,800,000**	**$ 7,400,000**	**$ 9,000,000**	**$ 9,000,000**	**$ 33,150,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
2	30701.411--Information Tech - Capital Projects	VEEM - Network Data Back-up equipment (replace/expand)	DISASTER RECOVERY/BUSINESS CONTINUITY	Information Technology Capital	$ 125,000	Yes	$ 125,000			$ 125,000	-				$ 125,000	Technology Refresh for DataCenter Backup Hardware System
2	30701.411--Information Tech - Capital Projects	UPS - DR site (uninterrupt. pwr supply)	DISASTER RECOVERY/BUSINESS CONTINUITY	Information Technology Capital	$ 24,000	No	$ 24,000			$ 12,000	$ -	$ -	$ 12,000	$ -	$ 24,000	UPS battery replacements for Back-up APC power consoles - 3 year average life expectancy
		TOTAL CAPITAL OUTLAY REQUESTED			**$ 149,000**		**$ 149,000**	**$ -**	**$ -**	**$ 137,000**	**$ -**	**$ -**	**$ 12,000**	**$ -**	**$ 149,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
3	30701.411--Information Tech - Capital Projects	EOC -- relocation	EOC RELOCATION	Information Technology Capital			$ -								$ -	
1	30501.911--Parks and Facilities - Capital Projects	Capital Outlay- New EOC building Placeholder	EOC RELOCATION	Building, Facility & Grounds Improvements	$ 4,200,000	No		$ 3,024,000	$ 1,176,000	$ 2,100,000	$ 2,100,000				$ 4,200,000	The Sheriff's Office Emergency Management and the BOCC have been discussing the relocation of the EOC to a location outside of the courthouse. The Sheriff's Office applied for a Port Security Grant to help fund this new building, but was not awarded the grant. This request is necessary to secure the funding from the Capital Projects, or General Fund, should the BOCC approve the new building plan as presented in the 9/14/2020 work session. Based on total County-share of project cost of $4.5 million, this plan assumes remaining design work completed in 2021, with construction (assumed grant funded) commencing mid-2022 and completing mid-2023.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 4,200,000**		**$ -**	**$ 3,024,000**	**$ 1,176,000**	**$ 2,100,000**	**$ 2,100,000**	**$ -**	**$ -**	**$ -**	**$ 4,200,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
2	50301.611--PW - ER&R	Capital Outlay-General Site Maintenance	ER&R SUPPORTED THRU ERR	Building, Facility & Grounds Improvements	$ 500,000			$ 500,000		$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 500,000	Site improvement for tree removal, gutter installations, painting, minor to major structure repairs not including new construction
2	50301.611--PW - ER&R	Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED	ER&R SUPPORTED THRU ERR	Machinery and Equipment	$ 150,000			$ 150,000		$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 150,000	Anticipated potential equipment replacement does not include unanticipated accidental total loss of vehicles, or the need for other kinds of equipment suitable for department needs.
2	50301.611--PW - ER&R	Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED	ER&R SUPPORTED THRU GENERAL FUND	Machinery and Equipment	$ 1,324,519			$ 1,324,519		$ 419,600	$ 216,300	$ 222,789	$ 229,473	$ 236,357	$ 1,324,519	Anticipated potential equipment replacement does not include unanticipated accidental total loss of vehicles, or the need for other kinds of equipment suitable for department needs. 2022 Consists of 5 AWD Interceptors for CCSO replacements ($210K) & 1 Animal Control Truck ($70K), Various Parks Lawn Tractors/Mower Replacements ($79.6k), DCD 4WD Replacement ($30k) & WSU Replacement 6 passenger van ($30k)--ERR will require additional $61k of funding from General Fund to fully cover cost vehicle replacements. 2023-2026 reflects CCSO 5 vehicle replacements assumed + 3% inflation.
2	50301.611--PW - ER&R	Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED	ER&R SUPPORTED THRU ROADS	Machinery and Equipment	$ 5,109,900			$ 5,109,900		$ 1,655,000	$ 863,725	$ 863,725	$ 863,725	$ 863,725	$ 5,109,900	Anticipated potential equipment replacement does not include unanticipated accidental total loss of vehicles, or the need for other kinds of equipment suitable for department needs. 2022 Consists of $1.405 million of scheduled replacements of 2 road graders ($750k), 2 shoulder mowers ($260k), 3 1 ton trucks ($180,000), and 1 water truck ($200k), and other smaller equipment, and new vehicle additions to Roads of $250k consisting of a mini excavator ($155k), a clearspan storage shed ($70k), V box sander ($15k) and a truck reader board ($10k). Of this amount, ER&R will require $675k of additional funding from Roads to finance the unfunded balance of these ERR capital outlays. 2023-2026 represents an approximate placeholder for future Roads-related ER&R capital replacements.
		TOTAL CAPITAL OUTLAY REQUESTED			**$ 7,084,419**	**$ -**	**$ -**	**$ 7,084,419**	**$ -**	**$ 2,204,600**	**$ 1,210,025**	**$ 1,216,514**	**$ 1,223,198**	**$ 1,230,082**	**$ 7,084,419**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	30701.411--Information Tech - Capital Projects	MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital	$ 30,000	Yes	$ 30,000			$ 30,000					$ 30,000	Move to MS Ofc365 required as part of remote-workforce productivity & connectivity business tools, including MS Office, Outlook, Teams (Zoom alternative), etc. Represents first year implementation costs only. Annual Software License costs are included as part of 2022 Budget Recurring Department Request.
1	30701.411--Information Tech - Capital Projects	County Website Development, Replacement, and On-going Updates	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital	$ 100,000	No	$ 100,000			$ 100,000					$ 100,000	Development of updated, public facing web portal for service of constituents, and dissemination of County data to general public.
3	30701.411--Information Tech - Capital Projects	Server Hardware Replacement	IT INFRASTRUCTURE INITIATIVE--NETWORK	Information Technology Capital	$ 150,000		$ 150,000			$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 30,000	$ 150,000	On-going Technology Refresh needed for DataCenter hardware to keep equipment and capacity current to County needs
3	30701.411--Information Tech - Capital Projects	Interactive Smart Boards (4)	IT INFRASTRUCTURE INITIATIVE--NETWORK	Information Technology Capital	$ 25,600		$ 25,600				$ 25,600				$ 25,600	For conference rooms to digitally capture meeting notes and display electronic information more clearly
3	30701.411--Information Tech - Capital Projects	ECM / PRRs (public records reqs) PLACEHOLDER FOR PRO	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital			$ -								$ -	Public Records Office will make determination on need
2	30701.411--Information Tech - Capital Projects	EDEN to MUNIS changeover PLACEHOLDER FOR CFO	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital	$ 750,000		$ 750,000				$ 750,000				$ 750,000	BOCC / Financial Office will make determination on need--estimate based on range of costs of other Counties that transitioned from EDEN to MUNIS from $500k-$750k
2	30701.411--Information Tech - Capital Projects	CompuTech replacement PLACEHOLDER FOR TREASURER	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital	$ 19,000		$ 19,000			$ 19,000					$ 19,000	IT has identified an interim solution costing $19k to bridge functionality needs until transition to a new accounting ERP can take place--Treasurer Office will make determination on replacement; hardware needs to be replaced--PLACEHOLDER estimate pending further evaluation of available options (Sympro, others)
3	30701.411--Information Tech - Capital Projects	District Court (DISCUS) software project through state PLACEHOLDER FOR DCI / DCII	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital			$ -								$ -	Washington State AOC will determine need, timeframe and replacement options for DCI and DCII
3	30701.411--Information Tech - Capital Projects	PACs replacement PLACEHOLDER FOR Assessor / Treasurer system)	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital			$ -								$ -	Assessor & Treasurer Offices will make determination on need and replacement
1	00100.851--General Fund--Juvenile Services	Video Conferencing Equipment	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	Information Technology Capital											$ -	This is a placeholder for Superior Court - (continue as placeholder even though project has started) the total request is being submitted through Superior Court for installation of a new, permanent video conferencing unit and recording system to ensure reliable accessibility to Juvenile Court proceedings.
		TOTAL CAPITAL OUTLAY REQUESTED			**$ 1,074,600**		**$ 1,074,600**	**$ -**	**$ -**	**$ 179,000**	**$ 55,600**	**$ 780,000**	**$ 30,000**	**$ 30,000**	**$ 1,074,600**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	**00100.811--General Fund--Sheriff - Operations**	Sheriff Admin and Operations Relocation	JAIL MASTER PLAN	Building, Facility & Grounds Improvements	$ 1,025,000	Yes	$ 1,025,000			$ 1,025,000					$ 1,025,000	PLACEHOLDER FOR DISCUSSION--relocating administration, evidence and squadroom to facilitate additional space for Jail Medical. Jail Medical space is inadequate for inmate examination room and no dedicated office space exists for Jail Medical Staff. Potential solution includes relocating adminstration, evidence and squadroom to 3960sf Commerical Office Building for sale on 4th Street across from Courthouse.
1	**00100.815--General Fund--Sheriff - Jail**	Tek84 Intercept Whole Body Security Scanning System and 3 year warranty	JAIL MASTER PLAN	Machinery and Equipment	$ -	Yes	$ -			$ -					$ -	ARPA ELIGIBLE GIVEN COVID SAFETY FEATURES--Purchase of a full body scanner to screen incoming inmates to the County Correctional Facility. Use of a body scanner would allow corrections staff to quickly and accurately screen inmates for temperature and contraband from a distance, instead of in direct proximity. This distance also creates a higher level of privacy for the inmate, leading to more cooperative responses and higher likelihood they will respect PPE requirements for themselves and the deputies. The price is calculated using a quote from 05/20/2021, warranty, and local use tax rate.
2	**00100.815--General Fund--Sheriff - Jail**	Jail Medical Relocation	JAIL MASTER PLAN	Building, Facility & Grounds Improvements		No									$ -	PLACEHOLDER FOR DISCUSSION--Jail Medical Space is inadequate for inmate examination room and no dedicated office space exists for Jail Medical Staff. Potential solution includes possible relocation to squadroom and relocating squadroom to old EOC space.
		TOTAL CAPITAL OUTLAY REQUESTED			**$ 1,025,000**		**$ 1,025,000**	**$ -**	**$ -**	**$ 1,025,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,025,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
3	00100.851--General Fund--Juvenile Services	Kitchen and Laundry Equipment	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 75,000	No	$ 75,000		Will research			$ 75,000			$ 75,000	The Juvenile Facility is 25 years old - the propane oven/stove and commercial dryer are all original, the refrigerator/freezer units and commercial washing machine have all been replaced once. It is likely they may need replaced within the next 5 years.
2	30501.911--Parks and Facilities - Capital Projects	Juvenile Detention Control Board Replacement of Entire System--Option 2	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 800,000	Yes	$ 800,000						$ 800,000		$ 800,000	Replace aging system--recent board repairs indicative of system that is nearing its of EOL.The Detention Control Room system is slowly becoming obsolete, requiring more frequent repairs and discontinued parts. The industry has moved to touch screen panels, monitors, and high resolution cameras and recording systems.
2	30501.911--Parks and Facilities - Capital Projects	Juvenile Facility - Plumbing Modifications	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 27,500	Yes	$ 27,500					$ 27,500			$ 27,500	Areas of existing water lines, much like at the courthouse, are periodically failing. We are able to identify/address/repair as they occur. However, there is the possibility of a leak in an area that could have significant impact to a specific area of the facility causing a significant amount of damage.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Juvenile HVAC Chiller (CH-1) and Fluid Cooler (FC-1) Replacement	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 350,000	Yes	$ 350,000			$ 350,000					$ 350,000	Replace the aging Chiller (CH-1) with an energy efficient model. An engineering assessment was completed in 2020 where it was determined that CH-1 was nearing it's end of life service and should be scheduled for replacement in 1-3 years.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Juvenile HVAC Boiler (B-1) and Domestic Hot Water Heater (WH-1) Replacement	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 250,000	Yes	$ 250,000			$ 250,000					$ 250,000	Replace the aging Boiler (B-1) with an energy efficient model. An engineering assessment was completed in 2020 where it was determined that B-1 was nearing its end of life service and should be scheduled for replacement in 1-3 years. (If funds were available in 2022, this project could be added to the CH-1 replacement project above and done at the same time for cost savings)
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Juvenile Membrane Roof Replacement	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 725,000	Yes	$ 725,000			$ 725,000					$ 725,000	Replacement of the aging Juvenile Facility membrane roof is necessary as it has reached it's life expectancy and is showing signs of wear. There have been several roof repairs made over the course of the past few years which will likely continue. COMMENT--REPLACEMENT IN NEXT 1-3 YEARS PER FACILITY ASSESSMENT DONE IN 2020--CAN DEFER TO 2023.
2	30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2	Facilities-Juvenile Grease Interceptor Replacement	JUVIE MASTER PLAN	Building, Facility & Grounds Improvements	$ 125,000	Yes	$ 125,000					$ 125,000			$ 125,000	The City of Port Angeles has mandated a new grease interceptor, much like the one we are currently installing in the jail kitchen, for use in the kitchen.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: **ALL DEPARTMENTS**
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
		TOTAL CAPITAL OUTLAY REQUESTED			$ 2,352,500		$ 902,500	$ 1,450,000	$ -	$ -	$ 1,325,000	$ 227,500	$ 800,000	$ -	$ 2,352,500	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.333--General Fund--Comm Dev - Permit Center	Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement	MANDATORY/RECURRING/REGULAR REPLACEMENT	Machinery and Equipment	$ 18,358	Yes	$ 18,358			$ 18,358					$ 18,358	Need to replace a building inspection-related 4WD SUV that stopped running and needs to be replaced. Based on ERR projected replacement costs collected vs the amount collected by ERR in vehicle rental costs charged to the department to fund the replacement, an additional $18,358 will need to be incurred by Sheriff Ops to fully cover the replacement cost of these vehicles.
1	30701.411--Information Tech - Capital Projects	Microsoft Operating System & Office licenses for End-Users	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 250,000	Yes	$ 250,000			$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 250,000	Windows 10 or later version with Software Assurance or Enterprise Agreement Upgrade to Office 2016 with Software Assurance or Office 365 Subscription Model with Enterprise Agreement Upgraded Client Access Licenses (CALs)
2	30701.411--Information Tech - Capital Projects	AVAYA VOIP Phone System Upgrade / Replacement	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 185,000	No	$ 185,000				$ 185,000				$ 185,000	Technology Refresh; equipment has 1 year warranties
2	30701.411--Information Tech - Capital Projects	PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 350,000	No	$ 350,000			$ 85,000	$ 85,000	$ 60,000	$ 60,000	$ 60,000	$ 350,000	Technology Refresh; equipment has 1 year warranties; $75000 per year budgeted to cover all end-user hardware computing needs, virtual and physical
3	30701.411--Information Tech - Capital Projects	Copiers (other department copiers not separately scheduled elsewhere)	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 199,030	No	$ 199,030			$ 47,030	$ 38,000	$ 38,000	$ 38,000	$ 38,000	$ 199,030	Replace obsolete copier equipment as they go EOL (this line item excludes copier replacements included elsewhere in individual department capital plans)
1	00100.811--General Fund--Sheriff - Operations	Criminal Investigations Bureau Forensic Computer Server	MANDATORY/RECURRING/REGULAR REPLACEMENT	Machinery and Equipment	$ 15,000	No	$ 15,000			$ 15,000					$ 15,000	Over the past two years CIB has built upon our computer forensic capabilities to conduct computer forensic examinations, and search for digital evidence, in house. Backlogs in examination requests, coupled by discovery deadlines in criminal investgations, has required our investigators to expand our expertise and capabilities in house. The addition of a dedicated server is a necessity to process sensitive computer forensice evidence.
1	00100.811--General Fund--Sheriff - Operations	Patrol Rifle Upgrade/Replacement	MANDATORY/RECURRING/REGULAR REPLACEMENT	Machinery and Equipment	$ 18,000	Yes	$ 18,000			$ 18,000					$ 18,000	Purchase of 23 M&P AR15 Patrol Rifles and 5 S&W M&P 9MM Handguns to replace antiquated and worn firearms. Many of the patrol rifles will replace Colt M16 A2 rifles purchased from the military. Many of the rifles are over 20 years old. CCSO intends on seeking surplus of 16 firearms. The revenue generated from the surplus of these firearms will likely exceed the requested $18,000.
1	00100.811--General Fund--Sheriff - Operations	Capital Outlay- Vehicle Equipment for new patrol cars	MANDATORY/RECURRING/REGULAR REPLACEMENT	Machinery and Equipment	$ 750,000	No	$ 750,000			$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 750,000	In 2021 we are replacing 1 patrol vehicles. In 2022 we intend on replacing 6 vehicles (3 patrol, 2 detectives, 1 animal control). With the purchase of a new car we may have to buy new light bars, radios, remote mount for the MDT, miscellaneous other parts, pay for installation, and vehicle marking costs estimated at approximately $30,000 per vehicle for patrol rigs and $15,000 per vehicle for the detectives vehicle, and $30,000 for animal control.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.811--General Fund--Sheriff - Operations	Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement	MANDATORY/RECURRING/REGULAR REPLACEMENT	Machinery and Equipment	$ 27,042	No	$ 27,042			$ 27,042					$ 27,042	In 2021 we are replacing 1 patrol vehicles. In 2022 we intend on replacing 6 vehicles (3 patrol, 2 detectives, 1 animal control). Based on ERR projected replacement costs collected vs the amount collected by ERR in vehicle rental costs charged to the department to fund the replacement, an additional $27,042 will need to be incurred by Sheriff Ops to fully cover the replacement cost of these vehicles .
1	00100.811--General Fund--Sheriff - Operations	Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License	MANDATORY/RECURRING/REGULAR REPLACEMENT		$ 37,600	Yes	$ 37,600			$ 12,000	$ 6,400	$ 6,400	$ 6,400	$ 6,400	$ 37,600	Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License. Advancements in technology and the frequency of cell phones becoming a technolgy containing evidence in nearly all criminal investigations has created a priority for investigators to have immediate access to cell phone forensic technologies to process cell phones for evidence.
1	00100.811--General Fund--Sheriff - Operations	Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies	MANDATORY/RECURRING/REGULAR REPLACEMENT	Law Enforcement Equipment (i.e. Ballistic Vests, Tasers, etc)	$ 42,000	Yes	$ 28,000	$ 14,000		$ 8,400	$ 8,400	$ 8,400	$ 8,400	$ 8,400	$ 42,000	8 Ballistic Vests needed for 8 new deputies or hired during year or replacement vests for current deputies that are critical to their safety; propose funding from GF,$400 each reimbursed by grant. This is an annual purchase, but the annual number of vests change depending on staff currently employed. The vests are replaced on a regular cycle determined by the manufacturer.
1	00100.815--General Fund--Sheriff - Jail	Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies	MANDATORY/RECURRING/REGULAR REPLACEMENT	Law Enforcement Equipment (i.e. Ballistic Vests, Tasers, etc)	$ 30,000	Yes	$ 20,000	$ 10,000		$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 6,000	$ 30,000	5 Ballistic Vests needed for new corrections deputies hired during year or replacement vests for current deputies that are critical to their safety; propose funding from GF, $400 per vest reimbursed by grant. This is an annual purchase, but the annual number of vests change depending on staff currently employed. The vests are replaced on a regular cycle determined by the manufacturer.
2	00100.841--General Fund--Prosecuting Attorney - Operations	Copier Replacement for Felony Division (2)	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 24,000	No	$ 24,000				$ 24,000				$ 24,000	General estimate based on past purchases. The 2 copiers also function as printers/scanners/fax and are heavily used. Replacement is needed as soon as possible.
2	00100.841--General Fund--Prosecuting Attorney - Operations	Copier Replacement for District Division	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 10,000	No	$ 10,000				$ 10,000				$ 10,000	General estimate based on past purchases. This copier also functions as printer/scanner/fax and is heavily used. Replacement will be needed at the end of the estimated life (2021)
1	00100.843--General Fund--Prosecuting Attorney - Coroner	Copier/Printer/Fax Unit for Coroner Division	MANDATORY/RECURRING/REGULAR REPLACEMENT	Machinery and Equipment	$ 10,000	No	$ 10,000			$ 10,000					$ 10,000	Copier/Printer/Fax unit to be used exclusively by the Coroner Division.
1	00100.843--General Fund--Prosecuting Attorney - Coroner	Computer/Tech Equipment	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 7,500	No	$ 7,500			$ 7,500					$ 7,500	Technology for division to include laptop or tablets, cell phones, and digital cameras to be used in the office and in the field.
2	00100.871--General Fund--District Court I	Capital Outlay--Copy/printer/scanner	MANDATORY/RECURRING/REGULAR REPLACEMENT	Information Technology Capital	$ 10,000	Yes	$ 10,000			$ 10,000					$ 10,000	Replacement of Court office Printer/Copier
1	30501.911--Parks and Facilities - Capital Projects	Unanticipated Projects PFF	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 575,000	No	$ 575,000			$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 575,000	Annual Unanticipated Project placeholder. This reflects an increase of $30k per year from past years due to increased frequency and cost of unanticipated projects that have occurred the past couple of years due to increased needs for projects to address aging facility.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
2	30501.911--Parks and Facilities - Capital Projects	Facilities-Courthouse TRANE Control Improvements and Upgrades	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 82,500	Yes	$ 82,500				$ 82,500				$ 82,500	TRANE DDC Controls are being upgraded in order to meet the next generation of software improvements. This control software is the brains of the digital control system and impacts the Main Courthouse, Juvenile and 3rd Street facilities.
1	30501.911--Parks and Facilities - Capital Projects	Camp David Jr. Lodge Painting	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 100,000	Yes	$ 100,000			$ 100,000					$ 100,000	The Lodge is in need of repainting. Many areas of the building are difficult to access for maintenance staff and require specialized equipment and expertise to accomplish in a safe manner.
2	30501.911--Parks and Facilities - Capital Projects	Courthouse Fuel Polish Diesel Tank	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 7,500	Yes	$ 7,500				$ 7,500				$ 7,500	Extract, clean and replace fuel for the Courthouse underground emergency generator tank. (This is possibly a Road Department Project)
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Floor Covering	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 200,000	Yes	$ 200,000			$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 40,000	$ 200,000	Annual facility carpet/flooring replacement, with some areas now becoming safety issues that need to be replaced. We are very near completing the entire courthouse floor covering program. However, that only means that we will begin again with the older areas now getting close to the replacement stage.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Jail Lock Repair & Replacement	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 50,000	No	$ 50,000			$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 50,000	Annual lock repair/replacement to insure inmate and staff safety. There is a constant need for door and lock repair work in the jail. Inmates damage the locks in a variety of ways and they must be repaired as this occurs.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Parks-Trail Development and Repair	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 50,000	No	$ 50,000			$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 50,000	Annual trail repairs are needed as we lose areas to slides that wash out due to excessive water; install new trails or have to re-route trails in our day-use facilities and campgrounds.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Parks-Road Development and Repair	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 50,000	No	$ 50,000			$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 50,000	Annual road and parking lot repairs required to repair tree root damage; wash outs; etc..
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Juvenile Parking Lot Seal Coat/Patch and Striping	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 75,000	yes	$ 75,000				$ 75,000				$ 75,000	It is time to dig out and repair several areas of the parking lot and sealcoat and restripe. Annual maintenance activities involve crack sealing and re-striping, but it is now time to make repairs which will involve asphalt cutting, excavation, installation of new compacted materials, patching and sealcoating the surface.
3	30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2	Facilities-Jail - Padded Cell Repairs	MANDATORY/RECURRING/REGULAR REPLACEMENT	Building, Facility & Grounds Improvements	$ 45,000	No	$ 45,000					$ 45,000			$ 45,000	Damage to the interior of the padded cell requires it now to be replaced. Since the last time this was replaced in 2005, the padded cell has been damaged and repaired many times.
1	42401.611--PW - Carlsborg Sewer	Annual Pipe Charge	MANDATORY/RECURRING/REGULAR REPLACEMENT	PW Capital Machinery and Equipment	$ 215,000	Yes	$ 215,000			$ 43,000	$ 43,000	$ 43,000	$ 43,000	$ 43,000	$ 215,000	Per ILA, Carlsborg Sewer System pays a % of capital sewer pipe costs. Eligible REET cost until sewer fund reaches adequate revenue to cover expense.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	**FUND/ DEPARTMENT**	**CAPITAL ITEM OR PROJECT DESCRIPTION**	**KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY**	**CAPITAL OUTLAY TYPE**	**AMOUNT OF REQUEST**	**BASED ON QUOTE REC'D?**	**GENERAL FUND**	**OTHER FUND RESERVES**	**GRANT/ LOAN NEW FUNDING**	**2022**	**2023**	**2024**	**2025**	**2026**	**TOTAL**	**REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--If from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.**
1	**42401.611--PW - Carlsborg Sewer**	Capital Cost Share to City of Sequim	MANDATORY/RECURRING/REGULAR REPLACEMENT	PW Capital Asset Construction	$ 520,000	Yes		$ 520,000		$ 80,000	$ 280,000	$ 30,000	$ 110,000	$ 20,000	$ 520,000	Per ILA, Carlsborg Sewer System pays a % of City of Sequim's sewer collection, treatment and equipment asset costs. ILA defines relevant capital costs/%. Billed year following construction/Sequim's CI Plan; estimates provided by City. Eligible REET cost until sewer fund reaches adequate revenue to cover expense.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 3,953,530**		**$ 2,724,530**	**$ 1,205,000**	**$ 24,000**	**$ 872,330**	**$ 1,235,800**	**$ 621,800**	**$ 656,800**	**$ 566,800**	**$ 3,953,530**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	12401.221--Auditor - Document Preservation	Recorded Document Imaging Project	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	Information Technology Capital	$ 300,000	Yes		$ 300,000		$ 300,000					$ 300,000	This project will convert all our paper and film images to electronic images. Not only will this make the images more accessible, it will free up office square footage to facilitate the requested office rennovation.
2	12401.221--Auditor - Document Preservation	Document Recording System	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	Information Technology Capital	$ 300,000	No		$ 300,000			$ 300,000				$ 300,000	In the year 2022 our current Document Recording System will be 16 years old. The technology, functionality and efficiency of the system will be out dated. When purchasing our last system, funds were transferred to Capital Projects IT, lets discuss in the future if we want to continue to take the same route. I have placed a bars code here, we can use if it gets paid right out of Document Preservation.
2	12401.221--Auditor - Document Preservation	Fujitsu Flatbed Scanner	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	Information Technology Capital	$ 10,000	No		$ 10,000			$ 10,000				$ 10,000	Scanner was purchased in 2017 with an estimated 5 year life.
1	11065.811--Sheriff - OPSCAN Operations	Capital Outlay-Radio Network Equipment	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	Law Enforcement Dispatch Radio Network	$ 822,000			$ 822,000		$ 175,000	$ 177,000	$ 175,000	$ 170,000	$ 125,000	$ 822,000	The Law Enforcement Dispatch Radio Network (LEDRN) and Public Safety Radio Network)PSRN) have annual software and equipment upgrade and replacement costs to maintain the network. A Capital outlay line is necessary to pay anticipated but not yet quoted purchases as needed.
1	11068.811--Sheriff - Operation Stonegarden	Capital Outlay- Equipment	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	Law Enforcement Equipment (i.e. Ballistic Vests, Tasers, etc)	$ 433,300	No		$ 433,300		$ 33,300	$ 100,000	$ 100,000	$ 100,000	$ 100,000	$ 433,300	With the annual renewal of the Operation Stonegarden grant and the unknown amount of capital equipment funding that will be unexpended in 2020, comes a need to create a Capital Outlay line to expend the grant funding targeted for equipment purchases the following years. This entry creates a placeholder in the Capital item request process as we await the award of the grant in the second half of the year. Actual amount is unknown at this time as we don't yet know how much will be expended inyears 2023-2026.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 1,865,300**		**$ -**	**$ 1,432,000**	**$ 433,300**	**$ 508,300**	**$ 587,000**	**$ 275,000**	**$ 270,000**	**$ 225,000**	**$ 1,865,300**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1 Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2 High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3 Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.221--General Fund--Auditor	Cannon Printer/Copier #HRP01288	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 8,500	yes	$ 8,500			$ 8,500					$ 8,500	Per IT replacement schedule
1	00100.221--General Fund--Auditor	Office Rennovation	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 100,000	No			$ 100,000	$ 100,000					$ 100,000	**ARPA-Eligible Potentially**--Overcrowding in the Auditor's office makes required social distancing difficult if not impossible. Currently we are not able to bring two of our employees back from remote work full time until we have a permanent social distancing solution. Renovation funds are needed to accomplish the following: (1) incorporate the basement breakroom into the Election Annex and move the Auditor's election staff downstairs (2) Complete the records scanning project that will convert paper records to electronic record (which can be paid for with Document Preservation Funds) and move the mail machine BACK to the treasurers office. This will free up enough space in the Vault for two work areas (AP and Payroll personnel) (3) Move our DOL staff to the larger, newly vacated, south side of the office to provide better distancing between staff and clients. (4) move our recording staff to the north Side of the office where DOL is currently located. Relocation of these divisions will require modification of existing work areas. There was no one availble in PFF to provide an estimate for this project so this is a best guess.
2	00100.221--General Fund--Auditor	Cannon Printer/Copier #QHM04033	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 8,500	yes	$ 8,500				$ 8,500				$ 8,500	Per IT replacement schedule
2	00100.211--General Fund--Assessor	Spacialist software	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 65,000	No	$ 65,000			$ 25,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 65,000	AppraisalEst is the leading GIS-based analytical toolset for the Appraisal Industry, allowing users to more accurately model and better understand their data. The patented, map-based solution provides powerful tools to cleanse and review data, test for representativeness, generate multiple regression analysis, run comparable sales analysis, create ratio analysis and much more. The patented process uses a combination of property characteristics, location and similarity to produce to the most accurate results quickly and easily
2	00100.241--General Fund--BOCC - Operations	Replace Color Copier System	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 19,800	Yes	$ 19,800				$ 19,800				$ 19,800	IT set the replacement date for 2021, replacement was deferred until 2022, estimated cost per IT.
2	00100.241--General Fund--BOCC - Operations	Replace Black/White Copier	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 5,500	Yes	$ 5,500					$ 5,500			$ 5,500	IT set the replacement date for 2022 and has estimated the cost.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.817--General Fund--Sheriff - Emergency Services	Capital Outlay - ARES Program Equipment	OTHER NON-RECURRING CAPITAL OUTLAY	Machinery and Equipment	$ 50,000	No	$ 50,000		Possibly	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 50,000	Upkeep and upgrades for the Ameture communications system used throughout the county. In 2022, we intend to place HAMS radio equipment at each fire department in the county. We also need to upkeep equipment currently in place in the EOC and OMC which is used in emergency or disasterous events. Future years will include continued upkeep and upgrades to communications equipment throughout the county.
1	00100.817--General Fund--Sheriff - Emergency Services	Capital Outlay -C-Trac Equipment	OTHER NON-RECURRING CAPITAL OUTLAY	Machinery and Equipment	$ 25,000	No	$ 25,000		Possibly	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 25,000	C-Trac are volunteers of Clallam County EM that are R&D specialists who are building a mesh computer network available to public safety agenciesin response to emergencies and disasters throughout the county. Funding is needed to purchase communications equipment such as WiFi antennas, internal computer components, and other electronic devices designed for inter-communications and interoperability. Network will be owned by Clallam County Emergency Management.
1	00100.841--General Fund--Prosecuting Attorney - Operations	Office Furniture Replacement	OTHER NON-RECURRING CAPITAL OUTLAY	Furniture & Fixtures	$ 14,500	No	$ 14,500			$ 14,500					$ 14,500	General estimate based on other furniture purchases. We have several offices with old, random pieces of furniture. For function and efficiency, the offices should be outfitted with proper furniture sets.
2	00100.841--General Fund--Prosecuting Attorney - Operations	Computer Equipment Replacement	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 15,000	No	$ 15,000				$ 15,000				$ 15,000	Anticipated need for computer-related upgrades. (tablet/laptops)
3	00100.841--General Fund--Prosecuting Attorney - Operations	Space Saver File System Replacement	OTHER NON-RECURRING CAPITAL OUTLAY	Furniture & Fixtures	$ 11,000	No	$ 11,000				$ 11,000				$ 11,000	Cost estimate based on original cost. The file systems holds case files that are accessed on a regular basis. At some point, this will need to be replaced - it is beyond its estimated life.
1	00100.843--General Fund--Prosecuting Attorney - Coroner	Office Furniture	OTHER NON-RECURRING CAPITAL OUTLAY	Furniture & Fixtures	$ 3,500	No	$ 3,500			$ 3,500					$ 3,500	Workstation/desk and file cabinets for dedicated Coroner Division staff use. COMMENT--Funds already reflected in ARPA Request approved by BOCC.
1	00100.843--General Fund--Prosecuting Attorney - Coroner	Coroner Vehicle	OTHER NON-RECURRING CAPITAL OUTLAY	Vehicles	$ 50,000	No	$ 50,000			$ 50,000					$ 50,000	Coroner vehicle for death investigators/deputy coroners to travel to death scenes. Outfitted with radio capabilities and the ability transport the deceased. COMMENT--Should be able to repurpose CCSO fleet replacement/rotation SUV to this purpose at no cost to the County.
2	00100.843--General Fund--Prosecuting Attorney - Coroner	Randox Machine	OTHER NON-RECURRING CAPITAL OUTLAY	Machinery and Equipment	$ 25,000	No	$ 25,000			$ 25,000					$ 25,000	Randox machine to test for the presence of drugs

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
3	00100.851--General Fund--Juvenile Services	Replace or Re-upholster Furnishings	OTHER NON-RECURRING CAPITAL OUTLAY	Furniture & Fixtures	$ 20,000	Yes	$ 20,000			$ 15,000	$ 5,000				$ 20,000	The Juvenile Facility is 25 years old - the lobby chairs, courtroom benches, and artwork are original with the building. The material is beginning to show wear and tear and needs to be either replaced or re-upholstered. The framed poster artwork has been faded by the sun and should be replaced with something more reflective of our community and supportive of youth, families, health, and healing.
3	00100.871--General Fund--District Court I	Capital Outlay--Lobby Display	OTHER NON-RECURRING CAPITAL OUTLAY	Information Technology Capital	$ 5,000	Yes	$ 5,000				$ 5,000				$ 5,000	Digital Court Hearing Display
3	00100.871--General Fund--District Court I	Courtroom Furniture	OTHER NON-RECURRING CAPITAL OUTLAY	Furniture & Fixtures	$ 15,000	No	$ 15,000				$ 15,000				$ 15,000	Covering of benches in District Court courtroom 240
3	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Parks-Dungeness Recreation Area Site Improvements	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 1,200,000	Yes	$ 600,000	$ 600,000					$ 1,200,000		$ 1,200,000	50/50 matching grant. Improvements to include trail additions, improving day use sites, resurfacing camp loops, new entry, additional parking, improve restroom facilities.
3	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Parks-Lake Pleasant Playground Equipment	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 60,000	yes	$ 60,000						$ 60,000		$ 60,000	Replace aging play equipment to meet current accessibility and safety requirements.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Fairgrounds-Site Security Lighting & Power	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 100,000	Yes	$ 50,000	$ 50,000	$ 100,000						$ 100,000	Improved security lighting and expanding power amenities will improve the overall safety of the fairgrounds and also provide additional opportunities for off-season site rentals. This project is eligible for partial funding assistance from the US Department of Agriculture, who offers annual grants to Fairgrounds for site safety/ADA improvements and youth based programs.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Fairgrounds-Art Barn Roof Replacement	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 80,000	Yes	$ 80,000		$ 80,000						$ 80,000	Replace aged 3-Tab Composition Roof on Agriculture Barn. The roof is near it's EOL and should be replaced soon.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 100,000	Yes	$ 100,000		$ 100,000						$ 100,000	SF-1 is the HVAC system for the Courthouse and supplies fresh air to the building and the other exhausts/returns. The motor was replaced in 2020, but now the exhaust/return side needs replacement. Other components were then discovered that needed to be repaired/replaced/rebuilt.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Juvenile-Replace/Upgrade PLC Door Controls	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 200,000	Yes	$ 200,000		$ 200,000						$ 200,000	Replace outdated and failing Programmable Logic Controller (PLC) which is no longer available with a new GE 90-30 PLC.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Parks-Clallam Bay Bridge/Bluff Repair	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 30,000	Yes	$ 30,000				$ 30,000				$ 30,000	Repair storm damage and erosion from winter storms and restore bridge access for pedestrians.

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
3	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Fairgrounds-Add Power and Water to Vendor Spaces	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 40,000	Yes		$ 20,000	$ 20,000			$ 40,000			$ 40,000	Expanding camping amenities for fair and off-season events. This will also help improve security lighting and power amenities for vendors during the annual Fair and off-season as well. This project is eligible for partial funding assistance from the US Department of Agriculture, who offers annual grants to Fairgrounds for site safety/ADA improvements and youth based programs.
2	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Fairgrounds-Center Stage ADA and Power Improvements	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 75,000	Yes		$ 37,500	$ 37,500		$ 75,000				$ 75,000	Improve accessibility, safety and electrical upgrades at the Center Stage. This project is eligible for partial funding assistance from the US Department of Agriculture, who offers annual grants to Fairgrounds for site safety/ADA improvements and youth based programs.
1	30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2	Facilities-Courthouse -Electric Charging Stations (3)	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 100,000	Yes		$ 32,000	$ 68,000	$ 100,000					$ 100,000	Installation of three (3) new electric vehicle charging stations in the Courthouse Parking Lot. They are to promote the use of electrical vehicles and will be available for both the Public and Clallam County Staff to use. The majority of this project is being funded by a Grant through the Washington Department of Commerce.
3	30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2	Facilities-Duct Modification ERV Unit	OTHER NON-RECURRING CAPITAL OUTLAY	Building, Facility & Grounds Improvements	$ 250,000	Yes		$ 250,000					$ 250,000		$ 250,000	Duct modification for static pressure ERV Unit will improve air flow and improve efficiency of the existing unit.
3	40201.611--PW - Solid Waste	Blue Mountain Transfer Station Traffic Improvement Design	OTHER NON-RECURRING CAPITAL OUTLAY	PW Capitalized Improvements	$ 20,000	no		$ 20,000	PWTF	$ 20,000					$ 20,000	Growing east County population and traffic/safety concerns at Blue Mountain Transfer Station encourages planning to accommodate growth/avoid liabilities. Project is REET eligible, and other infrastructure grant funding eligible, and may be Regional Enterprise Fund eligible (thru PWTF). Estimate based on previous PW project costs.
3	40201.611--PW - Solid Waste	Blue Mountain Transfer Station Traffic Improvement Construction	OTHER NON-RECURRING CAPITAL OUTLAY	PW Capital Asset Construction	$ 200,000	No		$ 200,000	PWTF	$ 25,000	$ 175,000				$ 200,000	Growing east County population and traffic/safety concerns at Blue Mountain Transfer Station encourages planning to accommodate growth/avoid liabilities. REET eligible, other grant infrastructure funding eligilble (PWTF), may be Regional Enterprise Fund eligible. Estimate based on previous PW project costs.
3	40201.611--PW - Solid Waste	East Clallam County Solid Waste Study	OTHER NON-RECURRING CAPITAL OUTLAY	PW Capital Asset Construction	$ 80,000	No		$ 20,000	$ 60,000	$ 80,000					$ 80,000	Growing east County population may benefit from a east - end solid waste analysis that addresses options other than the current system of trucking directly to City of Port Angeles Transfer Station. Study is estimated at $80,000, with $60,000 from a LSWFA Allocation and the remaining $20,000 coming from a local match.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 2,976,300**		**$ 341,300**	**$ 1,699,500**	**$ 935,500**	**$ 961,500**	**$ 384,300**	**$ 70,500**	**$ 1,535,000**	**$ 25,000**	**$ 2,976,300**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	00100.221--General Fund--Auditor	Capital Outlay--Ballot Drop Boxes	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	Other	$ 18,000	yes	$ 18,000			$ 18,000					$ 18,000	ESSB 5079 - Effective July 28, 2019 - At the request of a federally recognized Indian tribe with a reservation in the county, the county auditor must establish at least one ballot drop box on the Indian reservation on a site selected by the tribe. We currently have three tribes that do not have an existing ballot drop box. The cost of $6,000 each is based on the cost of previously installed ballot boxes. Funding will be from the General Fund
1	12401.221--Auditor - Document Preservation	Ecommerce/Emarriage	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	Information Technology Capital	$ 20,000	Yes	$ 20,000			$ 20,000					$ 20,000	This system will allow the public to submit electronic forms/documents for recording, search for documents, purchase copies and apply for marriage licenses on line.This will reduces the amount of in-person contact which enables social distancing and more efficient use of employee time. The funds are available in our document preservation fund. We were hoping to have this implemented in 2020 however, due to IT's overloaded schedule and the 2020 Presidential Election coming up, it realistically won't happen until 2022.
1	00100.842--General Fund--Prosecuting Attorney - Child Support	Copier Replacement for Family Support Division	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	Machinery and Equipment	$ 10,000				$ 10,000	$ 10,000					$ 10,000	Anticipated to be reimbursed through the state. Copier also serves as printer/scanner/fax and is heavily used. Replacement was approved and budgeted for 2021, but the current machine is still working so replacement has been deferred.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Courthouse Pressure Wash Exterior	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	Building, Facility & Grounds Improvements	$ 45,000	Yes	$ 45,000			$ 45,000					$ 45,000	Mold, mildew, and other organic materials and growth are prominent of the courthouse. The last time the building was cleaned and painted was in 2006. The paint has help up well, but the organic materials eventually grow and must be dealt with before deeper damage is done. Additional painting and touch up will be necessary on both the building surface and the metal work.
1	30101.911--Parks and Facilities - Real Estate Excise Tax Projects	Facilities-Jail Smoke Detector Replacement and Upgrade	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	Building, Facility & Grounds Improvements	$ 33,000	Yes	$ 33,000			$ 33,000					$ 33,000	The current system is no longer supported requiring the need to replace existing system prior to incompatibility issues occurring. (We are still waiting on actual budget estimate.)
1	30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2	Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	Building, Facility & Grounds improvements	$ 225,000	Yes	$ 225,000			$ 225,000					$ 225,000	This project is for replacement of the existing sidewalks, irrigation, lighting and landscaping at the main entrance to the courthouse. During the excavation component we will also be repairing a damaged electrical line that leads to a security light as well as making an underground repair to the

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
3	42401.611--PW - Carlsborg Sewer	Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	PW Capital Asset Construction	$ 250,000	Yes		$ 250,000		$ 250,000					$ 250,000	Alternative A To increase revenues, extend sewer service within the UGA, and reduce the number of parcels eligible for septic system waivers, sewer extension lines should be constructed in a timely fashion. Assumed REET Funded. NOTE: This is the scaled back original version of this extension project that was approved as part of the 2021 budget but carried over, in leiu of the expanded scope expansion presented to the BOCC on 9/27 for possible ARPA funding which was declined.
3	42401.611--PW - Carlsborg Sewer	Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	PW Capital Asset Construction	$ 240,000	Yes		$ 240,000		$ 240,000					$ 240,000	Carry Over Project--partially funded with OPPORTUNITY FUNDS ($90,000). Alternative A. Project will increase revenues, extend sewer service within the UGA, and reduce the number of parcels eligible for septic system waivers, sewer extension lines should be constructed in a timely fashion.
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 841,000**		**$ 18,000**	**$ 813,000**	**$ 10,000**	**$ 841,000**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 841,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: **ALL DEPARTMENTS**
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; If item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; If replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	**FUND/ DEPARTMENT**	**CAPITAL ITEM OR PROJECT DESCRIPTION**	**KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY**	**CAPITAL OUTLAY TYPE**	**AMOUNT OF REQUEST**	**BASED ON QUOTE REC'D?**	**GENERAL FUND**	**OTHER FUND RESERVES**	**GRANT/ LOAN NEW FUNDING**	**2022**	**2023**	**2024**	**2025**	**2026**	**TOTAL**	**REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--If from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.**
2	10101.611 PW - ROADS	REET-SUPPORTED ROADS PROJECTS	ROADS PROJECTS SUPPORTED THRU REET	PW Capital Asset Construction	$ 2,500,000			$ 2,500,000		$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 500,000	$ 2,500,000	REET BASE TRANSFER AMOUNT TO BE USED TO SUPPORT VARIOUS ROAD PROJECTS ON THE ADOPTED SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM AND ALSO TO SUPPORT OTHER ROAD SURFACING PROJECTS.
2	10101.611 PW - ROADS	REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST	ROADS PROJECTS SUPPORTED THRU REET	PW Capital Asset Construction	$ 1,000,000			$ 1,000,000		$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 1,000,000	ADDITIONAL REET TRANSFER AMOUNT TO BE USED TO SUPPORT VARIOUS ROAD PROJECTS ON THE ADOPTED SIX YEAR TRANSPORTATION IMPROVEMENT PROGRAM AND ALSO TO SUPPORT OTHER ROAD SURFACING PROJECTS.
2	10101.611 PW - ROADS	REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee	ROADS PROJECTS SUPPORTED THRU REET	PW Capital Asset Construction	$ 400,000			$ 400,000		$ 400,000				$	$ 400,000	REET TRANSFER AMOUNT TO BE USED TO SUPPORT CONSTRUCTION OF TOWNE ROAD ON TOP OF THE RELOCATED DUNGENESS RIVER LEVEE.
TOTAL CAPITAL OUTLAY REQUESTED					**$ 3,900,000**		**$ -**	**$ 3,900,000**	**$ -**	**$ 1,100,000**	**$ 700,000**	**$ 700,000**	**$ 700,000**	**$ 700,000**	**$ 3,900,000**	

CLALLAM COUNTY
CAPITAL OUTLAY PLANNING REQUESTS--5 YEAR PLAN (2022-2026)
FUND/DEPARTMENT: ALL DEPARTMENTS
****NOTE: PLEASE ONLY SCHEDULE CAPITAL REQUESTS OF $5,000 OR MORE****

ALL REQUESTS SORTED BY DEPARTMENT

PROPOSE TO INCLUDED IN 2022 BUDGET

PRIORITY RANKING LEGEND:

1	Critical Need--Item request vital to ability to operate and/or provide key services; if item is replacement of existing asset, existing capital item being replaced has failed or is expected to fail within next 12 months
2	High Need--while not critical now, item is important for effective delivery of services and operations; if replacing an existing capital item that is near/at end of its life, anticipate item will become a Critical Need within next 18-24 months
3	Moderate Need--while operations and services can continue without undue burden in the near term if approval of item request is deferred, item/project need will likely become high in 3-5 years and will need to be addressed.

							PROPOSED FUNDING SOURCE			YEAR/S OF CAPITAL OUTLAY						
PRIORITY RANKING	FUND/ DEPARTMENT	CAPITAL ITEM OR PROJECT DESCRIPTION	KEY STRATEGIC CAPITAL PROJECT INITIATIVE/CATEGORY	CAPITAL OUTLAY TYPE	AMOUNT OF REQUEST	BASED ON QUOTE REC'D?	GENERAL FUND	OTHER FUND RESERVES	GRANT/ LOAN NEW FUNDING	2022	2023	2024	2025	2026	TOTAL	REQUEST JUSTIFICATION/COMMENTS (include a brief description describing the item/project, why it is needed, how you propose the request will be funded (Grants, REET, etc--if from grants, please specify grant resources available/secured and if any ongoing new costs will be required under grant), and how amount was estimated if no quote was obtained.
1	**41401.611--PW - Clallam Bay-Sekiu Sewer**	Collection System Repair & Replacement Project	SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	PW Capital Asset Construction	$ 5,658,000	Yes			$ 5,658,000	$ 1,600,000	$ 2,400,000	$ 720,000	$ 500,000	$ 438,000	$ 5,658,000	Per Sewer Plan, Repair and Replacement projects/cost estimates identified to address the Inflow/Infiltration issues that result in NPDES permit violations. ECY grant/loan combined = $6.242 M (Grant/forgivable loan estimated at $4.377 million (4377/6242 = 0.701) and loan estimated at $1.865 million (1865/6242 = 0.299); Five Projects were funded, as of 1/1/22 one will be completed (Sekiu Airport Road Sewer Replacement $484,000) and a second will be partially complete with expected billing in '21 = $100,000). Remaining Combined Amount for 2022 - 2026 = 6.242 - 0.484 - 0.100 M = 5.658 M ($3.966M grant/forgivable loan, and $1.692 Loan)
2	**41401.611--PW - Clallam Bay-Sekiu Sewer**	Sewer Pump Station Repair & Replacement Project	SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	PW Capital Asset Construction	$ 2,350,000	No		$ 2,350,000		$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ 470,000	$ 2,350,000	Based on failure of one pump station occurring in 2021 requiring emergency replacement, Plan to Rehabilitate other five sewer pump stations over the next five years (while ARPA eligible, could be financed potentially through Opportunity Fund as maintaining system is vital to the economic conditions of CB/Sekiu and needed to protect jobs/businesses in the area that depend on the system.
1	**41401.611--PW - Clallam Bay-Sekiu Sewer**	Replace Driveshaft Bearings for Four Rotating Biological Contactors	SEWER SYSTEM REPAIR/REPLACEMENT INITIATIVES	PW Capital Asset Construction	$ 80,000	No			$ 80,000	$ 80,000				$ 80,000		ARPA PROPOSED REQUEST: Replace Driveshaft Bearings for Four Rotating Biological Contactors
	TOTAL CAPITAL OUTLAY REQUESTED				**$ 8,088,000**		**$ -**	**$ 2,350,000**	**$ 5,738,000**	**$ 2,150,000**	**$ 2,870,000**	**$ 1,190,000**	**$ 970,000**	**$ 908,000**	**$ 8,088,000**	

CLALLAM COUNTY

2022 PROPOSED FINAL CAPITAL OUTLAY BUDGET--BY FUND

PROPOSED CAPITAL REQUESTS TO INCLUDE 2022 BUDGET

Include in 2022 Budget? Y

2022 (Multiple Items)

Sum of 2022	Column Labels														
Row Labels	GENERAL FUND 00100	OPSCAN 11065	OPERATION STONEGARDEN 11068	AUDITOR--DOCUMENT PRESERVATION 12401	REET 1 30101	REET 2 30201	PARKS/FACILITIES--CAPITAL PROJECTS 30501	IT CAPITAL PROJECTS 30701	CARLSBORG WATER MITIGATION 30901	PW--CLALLAM BAY/SEKIU SEWER 41401	PW--CARLSBORG SEWER 42401	ER&R 50301	ARPA 19961	DUNGENESS OFF CHANNEL RESERVOIR 30401	Grand Total
00100.221--General Fund--Auditor															
1															
Cannon Printer/Copier #HRP01288	$ 8,500														$ 8,500
Capital Outlay--Ballot Drop Boxes	$ 18,000														$ 18,000
00100.811--General Fund--Sheriff - Operations															
1															
Capital Outlay- Vehicle Equipment for new patrol cars	$ 150,000														$ 150,000
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies	$ 8,400														$ 8,400
Criminal Investigations Bureau Forensic Computer Server	$ 15,000														$ 15,000
Patrol Rifle Upgrade/Replacement	$ 18,000														$ 18,000
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License	$ 12,000														$ 12,000
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement	$ 27,042														$ 27,042
00100.815--General Fund--Sheriff - Jail															
1															
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies	$ 6,000														$ 6,000
00100.817--General Fund--Sheriff - Emergency Services															
1															
Capital Outlay - ARES Program Equipment	$ 10,000														$ 10,000
Capital Outlay -C-Trac Equipment	$ 5,000														$ 5,000
00100.841--General Fund--Prosecuting Attorney - Operations															
1															
Office Furniture Replacement	$ 14,500														$ 14,500
00100.842--General Fund--Prosecuting Attorney - Child Support															
1															
Copier Replacement for Family Support Division	$ 10,000														$ 10,000
00100.843--General Fund--Prosecuting Attorney - Coroner															
1															
Copier/Printer/Fax Unit for Coroner Division	$ 10,000														$ 10,000
10101.611 PW - ROADS															
2															
REET-SUPPORTED ROADS PROJECTS						$ 500,000									$ 500,000
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST						$ 200,000									$ 200,000
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee						$ 400,000									$ 400,000
11065.811--Sheriff - OPSCAN Operations															
1															
Capital Outlay-Radio Network Equipment		$ 175,000													$ 175,000
11068.811--Sheriff - Operation Stonegarden															
1															
Capital Outlay- Equipment			$ 33,300												$ 33,300
12401.221--Auditor - Document Preservation															
1															
Ecommerce/Emarriage				$ 20,000											$ 20,000
Recorded Document Imaging Project				$ 300,000											$ 300,000
30101.911--Parks and Facilities - Real Estate Excise Tax Projects															
1															
Facilities-Jail Smoke Detector Replacement and Upgrade					$ 33,000										$ 33,000
Facillties-Courthouse VAV Air System Box Replacement					$ 800,000										$ 800,000
Facilities-Courthouse Pressure Wash Exterior					$ 45,000										$ 45,000
Facilities-Floor Covering					$ 40,000										$ 40,000
Facilities-Jail Lock Repair & Replacement					$ 10,000										$ 10,000
Fairgrounds-Site Security Lighting & Power					$ 100,000										$ 100,000
Fairgrounds-Art Barn Roof Replacement					$ 80,000										$ 80,000
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement					$ 100,000										$ 100,000
Juvenile-Replace/Upgrade PLC Door Controls					$ 200,000										$ 200,000
2															
Parks-Trail Development and Repair					$ 10,000										$ 10,000
Parks-Road Development and Repair					$ 10,000										$ 10,000
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.					$ 300,000										$ 300,000
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2															
1															
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks						$ 225,000									$ 225,000
Facilities-Courthouse Hydronic Heating Lines Replacement						$ 40,000									$ 40,000
Facilities-Courthouse -Electric Charging Stations (3)						$ 100,000									$ 100,000
30501.911--Parks and Facilities - Capital Projects															
1															

CLALLAM COUNTY

2022 PROPOSED FINAL CAPITAL OUTLAY BUDGET--BY FUND

PROPOSED CAPITAL REQUESTS TO INCLUDE 2022 BUDGET

Include in 2022 Budget? Y

2022 (Multiple Items)

	GENERAL FUND	OPSCAN	OPERATION STONEGARDEN	AUDITOR--DOCUMENT PRESERVATION	REET 1	REET 2	PARKS/FACILITIES--CAPITAL PROJECTS	IT CAPITAL PROJECTS	CARLSBORG WATER MITIGATION	PW--CLALLAM BAY/SEKIU SEWER	PW--CARLSBORG SEWER	ER&R	ARPA	DUNGENESS OFF CHANNEL RESERVOIR	
Camp David Jr. Lodge Painting							$ 100,000								$ 100,000
Capital Outlay- New EOC building Placeholder							$ 2,100,000								$ 2,100,000
Unanticipated Projects PFF							$ 115,000								$ 115,000
Facility Building Security & Safety Assessment Study							$ 70,000								$ 70,000
30701.411--Information Tech - Capital Projects															
1															
Microsoft Operating System & Office licenses for End-Users								$ 50,000							$ 50,000
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing								$ 30,000							$ 30,000
County Website Development, Replacement, and On-going Updates								$ 100,000							$ 100,000
2															
CompuTech replacementPLACEHOLDER FOR TREASURER								$ 19,000							$ 19,000
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.								$ 85,000							$ 85,000
UPS - DR site (uninterrupt. pwr supply)								$ 12,000							$ 12,000
VEEM - Network Data Back-up equipment (replace/expand)								$ 125,000							$ 125,000
3															
Copiers (other department copiers not separately scheduled elsewhere)								$ 47,030							$ 47,030
30901.331--Comm Dev - Carlsborg Water Mitigation															
1															
Carlsorg Deep Water Well									$ 250,000						$ 250,000
41401.611--PW - Clallam Bay-Sekiu Sewer															
1															
Collection System Repair & Replacement Project										$ 1,600,000					$ 1,600,000
Replace Driveshaft Bearings for Four Rotating Biological Contactors										$ 80,000					$ 80,000
2															
Sewer Pump Station Repair & Replacement Project										$ 470,000					$ 470,000
42401.611--PW - Carlsborg Sewer															
1															
Annual Pipe Charge											$ 43,000				$ 43,000
Capital Cost Share to City of Sequim											$ 80,000				$ 80,000
3															
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded											$ 250,000				$ 250,000
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A											$ 240,000				$ 240,000
50301.611--PW - ER&R															
2															
Capital Outlay-General Site Maintenance												$ 100,000			$ 100,000
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED												$ 30,000			$ 30,000
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED												$ 419,600			$ 419,600
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED												$ 1,655,000			$ 1,655,000
19961.291--NonDept - American Rescue Plan Act															
1															
Bipolar Ionization Air Purification System													$ 250,000		$ 250,000
30401.331--Public Works -Dungeness Off Channel Reservoir															
1															
Dungeness Off-Channel Reservoir														$ 3,700,000	$ 3,700,000
00100.333--General Fund--Comm Dev - Permit Center															
1															
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement	$ 18,358														$ 18,358
Grand Total	**$ 330,800**	**$ 175,000**	**$ 33,300**	**$ 320,000**	**$ 1,728,000**	**$ 1,465,000**	**$ 2,385,000**	**$ 468,030**	**$ 250,000**	**$ 2,150,000**	**$ 613,000**	**$ 2,204,600**	**$ 250,000**	**$ 3,700,000**	**$ 16,072,730**

CAPITAL FUNDING SOURCES/(USES)

BEGINNING FUND BALANCE		**$ 582,902**	**$ 52,719**	**$ 564,332**	**$ 1,519,529**	**$ 1,427,282**	**$ 431,535**	**$ 258,606**	**$ 64,592**	**$ 200,000**	**$ 105,114**	**$ 2,879,550**	**$ 1,500,000**	**$ 33,174**	
INFLOW FUNDING		$ 398,232	$ 559,833	$ 130,000	$ 1,490,000	$ 1,490,000	$ -	$ -	$ -	$ 1,925,522	$ 161,321	$ 3,429,025	$ 7,501,875	$ 3,700,000	
EXPENDITURES (BEFORE CAPITAL)		$ (259,733)	$ (518,805)	$ (137,977)	$ -	$ -	$ -	$ (30,000)	$ -	$ (434,783)	$ (209,741)	$ (2,426,570)	$ (8,751,875)	$ -	
CAPITAL OUTLAYS (PER ABOVE)		$ (175,000)	$ (33,300)	$ (320,000)	$ (1,728,000)	$ (1,465,000)	$ (2,385,000)	$ (468,030)	$ (250,000)	$ (2,150,000)	$ (613,000)	$ (2,204,600)	$ (250,000)	$ (3,700,000)	
ENDING FUND BALANCE, BEFORE ADDITIONAL FUNDING		$ 546,401	$ 60,447	$ 236,355	$ 1,281,529	$ 1,452,282	$ (1,953,465)	$ (239,424)	$ (185,408)	$ (459,261)	$ (556,306)	$ 1,677,405	$ -	$ 33,174	
TRANSFERS BETWEEN FUNDS	**$ (19,600)**				**$ (435,408)**	**$ (866,319)**	**$ -**	**$ -**	**$ 185,408**	**$ 717,739**	**$ 250,000**				
OTHER GRANTS/LOAN FUNDING					**$ 50,000**	**$ 68,000**	**$ 1,176,000**								
ADDITIONAL REET FUNDING REQUIRED											**$ 148,580**				
OPPORTUNITY FUND FUNDING REQUIRED											$ 240,000				
GENERAL FUND FUNDING REQUIRED	**$ 311,200**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 777,465**	**$ 239,424**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 1,328,089**
ENDING FUND BALANCE--ADJUSTED		**$ 546,401**	**$ 60,447**	**$ 236,355**	**$ 896,121**	**$ 653,963**	**$ -**	**$ -**	**$ -**	**$ 258,478**	**$ 82,274**	**$ 1,677,405**	**$ -**	**$ 33,174**	
MINIMUM FUND BALANCE REQUIRED BY POLICY (10% OF TOTAL EXPENDITURES FOR THOSE FUNDS WITH PAYROLL)										$ 258,478	$ 82,274				

CLALLAM COUNTY
2022 PROPOSED FINAL CAPITAL OUTLAY BUDGET--BY KEY STRATEGIC CAPITAL PROJECT

Include in 2022 Budget? Y

Sum of 2022 Row Labels	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	COURTHOUSE/ JUVENILE SERVICES BUILDING SECURITY	DEEP WATER WELL/WATER MITIGATION	DISASTER RECOVERY/BUSINESS CONTINUITY	EOC RELOCATION	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	MANDATORY/ RECURRING/ REGULAR REPLACEMENT	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	OTHER NON-RECURRING CAPITAL OUTLAY	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	ROADS PROJECTS SUPPORTED THRU REET	SEWER SYSTEM REPAIR/ REPLACEMENT INITIATIVES	ER&R SUPPORTED THRU ERR	ER&R SUPPORTED THRU GENERAL FUND	ER&R SUPPORTED THRU ROADS	ARPA FUNDED CAPITAL OUTLAYS--OTHER	Grand Total
00100																	
00100.221--General Fund--Auditor																	
1																	
Cannon Printer/Copier #HRP01288									$ 8,500								$ 8,500
Capital Outlay--Ballot Drop Boxes										$ 18,000							$ 18,000
00100.811--General Fund--Sheriff - Operations																	
1																	
Capital Outlay- Vehicle Equipment for new patrol cars							$ 150,000										$ 150,000
Capital Outlay-Ballistic Vests for New Deputies and/or Replacement Ballistic Vests for current deputies							$ 8,400										$ 8,400
Criminal Investigations Bureau Forensic Computer Server							$ 15,000										$ 15,000
Patrol Rifle Upgrade/Replacement							$ 18,000										$ 18,000
Cellebrite Mobile Forensics Software and Equipment, Certified Analyst Training, and Software License							$ 12,000										$ 12,000
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement							$ 27,042										$ 27,042
00100.815--General Fund--Sheriff - Jail																	
1																	
Ballistic Vests for New Corrections Deputies and/or Replacement ballistic vests for current corrections deputies							$ 6,000										$ 6,000
00100.817--General Fund--Sheriff - Emergency Services																	
1																	
Capital Outlay - ARES Program Equipment									$ 10,000								$ 10,000
Capital Outlay -C-Trac Equipment									$ 5,000								$ 5,000
00100.841--General Fund--Prosecuting Attorney - Operations																	
1																	
Office Furniture Replacement									$ 14,500								$ 14,500
00100.842--General Fund--Prosecuting Attorney - Child Support																	
1																	
Copier Replacement for Family Support Division										$ 10,000							$ 10,000
00100.843--General Fund--Prosecuting Attorney - Coroner																	
1																	
Copier/Printer/Fax Unit for Coroner Division							$ 10,000										$ 10,000
00100.333--General Fund--Comm Dev - Permit Center																	
1																	
Capital Outlay- ER&R Additional Funding Needed to Cover Cost of Planned Vehicle Replacement							$ 18,358										$ 18,358
11065																	
11065.811--Sheriff - OPSCAN Operations																	
1																	
Capital Outlay-Radio Network Equipment								$ 175,000									$ 175,000
11068																	
11068.811--Sheriff - Operation Stonegarden																	
1																	
Capital Outlay- Equipment								$ 33,300									$ 33,300
12401																	
12401.221--Auditor - Document Preservation																	
1																	
Ecommerce/Emarriage										$ 20,000							$ 20,000
Recorded Document Imaging Project								$ 300,000									$ 300,000
30101																	
30101.911--Parks and Facilities - Real Estate Excise Tax Projects																	
1																	
Facilities-Jail Smoke Detector Replacement and Upgrade										$ 33,000							$ 33,000
Facilities-Courthouse VAV Air System Box Replacement	$ 800,000																$ 800,000
Facilities-Courthouse Pressure Wash Exterior										$ 45,000							$ 45,000
Facilities-Floor Covering						$ 40,000											$ 40,000
Facilities-Jail Lock Repair & Replacement						$ 10,000											$ 10,000
Fairgrounds-Site Security Lighting & Power									$ 100,000								$ 100,000
Fairgrounds-Art Barn Roof Replacement									$ 80,000								$ 80,000
Courthouse-HVAC SF-1 Re-Build, Fan and Parts Replacement									$ 100,000								$ 100,000
Juvenile-Replace/Upgrade PLC Door Controls									$ 200,000								$ 200,000
2																	
Parks-Trail Development and Repair						$ 10,000											$ 10,000
Parks-Road Development and Repair						$ 10,000											$ 10,000
Facilities-Replace/Upgrade existing Courthouse Access Control Card Readers, Recording and Camera Systems.		$ 300,000															$ 300,000
30201																	
10101.611 PW - ROADS																	
2																	
REET-SUPPORTED ROADS PROJECTS											$ 500,000						$ 500,000
REET-SUPPORTED ROADS PROJECTS--SUPPLEMENTAL REQUEST											$ 200,000						$ 200,000
REET-SUPPORTED ROADS PROJECTS--Supplemental Request to Construct Towne Road on top of the Relocated Dungness River Levee											$ 400,000						$ 400,000
30201.911--Parks and Facilities - Real Estate Excise Tax Projects 2																	
1																	
Facilities-Courthouse Replacement of Irrigation/Planters/Sidewalks										$ 225,000							$ 225,000
Facilities-Courthouse Hydronic Heating Lines Replacement	$ 40,000																$ 40,000

CLALLAM COUNTY
2022 PROPOSED FINAL CAPITAL OUTLAY BUDGET--BY KEY STRATEGIC CAPITAL PROJECT

Include in 2022 Budget? Y

Sum of 2022 / Column Labels	COURTHOUSE FACILITY AGING INFRASTRUCTURE INITIATIVES	COURTHOUSE/ JUVENILE SERVICES BUILDING SECURITY	DEEP WATER WELL/WATER MITIGATION	DISASTER RECOVERY/BUSINESS CONTINUITY	EOC RELOCATION	IT INFRASTRUCTURE INITIATIVE--APPLICATIONS	MANDATORY/ RECURRING/ REGULAR REPLACEMENT	NON-RECURRING CAPITAL OUTLAY FUNDED FULLY THROUGH GRANTS/DEDICATED FUNDS (NO GENERAL FUND/REET FUNDING NEEDED)	OTHER NON-RECURRING CAPITAL OUTLAY	PREVIOUSLY APPROVED CARRY OVER CAPITAL OUTLAYS	ROADS PROJECTS SUPPORTED THRU REET	SEWER SYSTEM REPAIR/ REPLACEMENT INITIATIVES	ER&R SUPPORTED THRU ERR	ER&R SUPPORTED THRU GENERAL FUND	ER&R SUPPORTED THRU ROADS	ARPA FUNDED CAPITAL OUTLAYS--OTHER	Grand Total
Facilities-Courthouse -Electric Charging Stations (3)									$ 100,000								$ 100,000
30501																	
30501.911--Parks and Facilities - Capital Projects																	
1																	
Camp David Jr. Lodge Painting							$ 100,000										$ 100,000
Capital Outlay- New EOC building Placeholder					$ 2,100,000												$ 2,100,000
Unanticipated Projects PFF							$ 115,000										$ 115,000
Facility Building Security & Safety Assessment Study		$ 70,000															$ 70,000
30701																	
30701.411--Information Tech - Capital Projects																	
1																	
Microsoft Operating System & Office licenses for End-Users							$ 50,000										$ 50,000
MICROSOFT OFFICE 365 - Cloud-based Business Productivity and Connectivity Software Licensing						$ 30,000											$ 30,000
County Website Development, Replacement, and On-going Updates						$ 100,000											$ 100,000
2																	
CompuTech replacementPLACEHOLDER FOR TREASURER						$ 19,000											$ 19,000
PC Replacement Cycle - laptops, desktops, tablets, zero clients, monitors, etc.							$ 85,000										$ 85,000
UPS - DR site (uninterrupt. pwr supply)				$ 12,000													$ 12,000
VEEM - Network Data Back-up equipment (replace/expand)				$ 125,000													$ 125,000
3																	
Copiers (other department copiers not separately scheduled elsewhere)							$ 47,030										$ 47,030
30901																	
30901.331--Comm Dev - Carlsborg Water Mitigation																	
1																	
Carlsorg Deep Water Well			$ 250,000														$ 250,000
41401																	
41401.611--PW - Clallam Bay-Sekiu Sewer																	
1																	
Collection System Repair & Replacement Project								$ 1,600,000									$ 1,600,000
Replace Driveshaft Bearings for Four Rotating Biological Contactors								$ 80,000									$ 80,000
2																	
Sewer Pump Station Repair & Replacement Project								$ 470,000									$ 470,000
42401																	
42401.611--PW - Carlsborg Sewer																	
1																	
Annual Pipe Charge							$ 43,000										$ 43,000
Capital Cost Share to City of Sequim							$ 80,000										$ 80,000
3																	
Gupster Road Pressure Sewer Line Extension (Alternative A) REET Funded								$ 250,000									$ 250,000
Village Lane Sewer Line Extensions. Alternative B Possible ARPA funded + Opportunity funds in lieu of Alternative A								$ 240,000									$ 240,000
50301																	
50301.611--PW - ER&R																	
2																	
Capital Outlay-General Site Maintenance									$ 100,000								$ 100,000
Capital Outlay-Schedule C Projected Equipment Replacement-ER&R FUNDED									$ 30,000								$ 30,000
Capital Outlay-Schedule C Projected Equipment Replacement--GENERAL FUND FUNDED														$ 419,600			$ 419,600
Capital Outlay-Schedule C Projected Equipment Replacement--ROADS FUNDED															$ 1,655,000		$ 1,655,000
19961																	
19961.291--NonDept - American Rescue Plan Act																	
1																	
Bipolar Ionization Air Purification System																$ 250,000	$ 250,000
30401																	
30401.331--Public Works -Dungeness Off Channel Reservoir																	
1																	
Dungeness Off-Channel Reservoir			$ 3,700,000														$ 3,700,000
Grand Total	**$ 840,000**	**$ 370,000**	**$ 3,950,000**	**$ 137,000**	**$ 2,100,000**	**$ 149,000**	**$ 854,830**	**$ 508,300**	**$ 618,000**	**$ 841,000**	**$ 1,100,000**	**$ 2,150,000**	**$ 130,000**	**$ 419,600**	**$ 1,655,000**	**$ 250,000**	**$ 16,072,730**
% OF BUDGET ALLOCATED TO EACH KEY STRATEGIC CAPITAL PROJECT	**5%**	**2%**	**25%**	**1%**	**13%**	**1%**	**5%**	**3%**	**4%**	**5%**	**7%**	**13%**	**1%**	**3%**	**10%**	**2%**	**100%**

CLALLAM COUNTY
2022 PROPOSED FINAL CAPITAL OUTLAY BUDGET--BY FUND
PROPOSED CAPITAL REQUESTS EXCLUDED FROM 2022 BUDGET

Include in 2022 Budget? (blank)
2022 (Multiple Items)

Sum of 2022	Column Labels			
	GENERAL FUND	IT CAPITAL PROJECTS	PW--SOLID WASTE	
Row Labels	00100	30701	40201	Grand Total
00100.221--General Fund--Auditor				
1				
Office Rennovation	$ 100,000			$ 100,000
00100.811--General Fund--Sheriff - Operations				
1				
Sheriff Admin and Operations Relocation	$ 1,025,000			$ 1,025,000
00100.841--General Fund--Prosecuting Attorney - Operations				
1				
Security Window & Door for Civil Division	$ 125,000			$ 125,000
Security Window for District Division	$ 25,000			$ 25,000
00100.843--General Fund--Prosecuting Attorney - Coroner				
1				
Computer/Tech Equipment	$ 7,500			$ 7,500
Office Furniture	$ 3,500			$ 3,500
Coroner Vehicle	$ 50,000			$ 50,000
2				
Randox Machine	$ 25,000			$ 25,000
00100.851--General Fund--Juvenile Services				
2				
Metrasens Security Screening	$ 13,000			$ 13,000
3				
Replace or Re-upholster Furnishings	$ 15,000			$ 15,000
00100.861--General Fund--Superior Court				
1				
One Entrance Courthouse	$ 31,000			$ 31,000
Remodel of Judicial Office Space, add Bathroom	$ 75,000			$ 75,000
2				
Family Courtroom Bench Remodel (Bullet Proof), Courtroom 3	$ 30,000			$ 30,000
3				
Remodel of Therapeutic Court Administrative Offices	$ 75,000			$ 75,000
00100.871--General Fund--District Court I				
2				
Capital Outlay--Copy/printer/scanner	$ 10,000			$ 10,000
30701.411--Information Tech - Capital Projects				

CLALLAM COUNTY
2022 PROPOSED FINAL CAPITAL OUTLAY BUDGET--BY FUND
PROPOSED CAPITAL REQUESTS EXCLUDED FROM 2022 BUDGET

Include in 2022 Budget? (blank)
2022 (Multiple Items)

Sum of 2022	GENERAL FUND	IT CAPITAL PROJECTS	PW--SOLID WASTE	
Column Labels				
Row Labels	00100	30701	40201	Grand Total
3				
Server Hardware Replacement		$ 30,000		$ 30,000
40201.611--PW - Solid Waste				
3				
Blue Mountain Transfer Station Traffic Improvement Construction			$ 25,000	$ 25,000
Blue Mountain Transfer Station Traffic Improvement Design			$ 20,000	$ 20,000
East Clallam County Solid Waste Study			$ 80,000	$ 80,000
00100.211--General Fund--Assessor				
2				
Spacialist software	$ 25,000			$ 25,000
Grand Total	**$ 1,635,000**	**$ 30,000**	**$ 125,000**	**$ 1,790,000**