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**VILLAGE OF SUGAR GROVE  
BOARD REPORT**

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**TO:** VILLAGE PRESIDENT & BOARD OF TRUSTEES  
**FROM:** MATT ANASTASIA, FINANCE DIRECTOR  
**SUBJECT:** DISCUSSION: AMERICAN RESCUE PLAN ACT (ARPA)  
**AGENDA:** DECEMBER 7, 2021  
**DATE:** DECEMBER 3, 2021

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**ISSUE**

The American Rescue Plan Act (ARPA) Funds will be discussed.

**DISCUSSION**

On September 7, 2021, the American Rescue Plan (ARP) was discussed at the Board meeting. At that time, there were some eligible expenses to be reimbursed back to the Village that were incurred beginning on March 3, 2021. All eligible expenses have been calculated through September 30, 2021, which was initially the first reporting period. The uses for the General Fund are as follows:

- COVID-19 Related Expenses through 09/30/21 - **\$19,279.29**
- COVID-19 Payroll Related Expenses through 09/30/21 - **\$9,042.58**
- Public Sector Loss Revenue through 12/31/2020 - **\$13,724.24**
- **Total General Fund Revenue - \$42,046.11**

There was a total of 37 Non-Entitlement Units that declined or did not respond to the ARPA Funds deadline for the funding opportunity. This totaled \$382,818.90 in funds not sent out. This money is reallocated to the NEU's that did respond. The Village received \$694.34 in additional first tranche funds.

As a reminder, funds cannot be used to reimburse for expenses prior to this date. The Treasury continues to update their FAQ website clarifying eligible uses. Here are the know eligible uses for the ARPA Funds:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare and certain public health and safety staff;

- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service to critical infrastructure sectors, and;
- Invest in water, sewer and broadband infrastructure – discussed prior to March 3, 2021 to be completed.

While these are the uses known, there are some restrictions explicitly prohibited in the usage of these funds:

- A prohibition against funding to directly or indirectly offset reductions in tax revenue due to a change in law from March 3, 2021, through the last day of the fiscal year in which the funds have been spent;
- A prohibition against making a deposit into a pension fund for the purpose of reducing an accrued, unfunded liability;
- Funding Debt Service;
- Funding legal settlements or judgements;
- Deposits to rainy day funds or financial reserves; and
- General Infrastructure spending is not covered as an eligible use unless the spending is on water, sewer or broadband investments, addressing a specific pandemic public health need or a specific negative economic impact.

The first periodic report due date has been delayed from October 31, 2021 until April 30, 2022. The first reporting period will cover eligible expenses through March 31, 2022. Subsequent reports must be reported to the Treasury by October 31<sup>st</sup> of each year.

The main clarification has been that any Water, Sewer, and Broadband Infrastructure project that will use ARPA Funds, must have been planned/discussed prior to March 3, 2021. The Village has discussed many projects, including but not limited to:

- Dugan Woods Water Main Replacement Project
- North Water Tower

The Village received \$672,108.17 in the first tranche of payments. There is \$630,062.06 remaining for future Water & Sewer Infrastructure projects from the first tranche, with a second tranche of payments to be received August 2022 in the amount of \$672,108.17. This leaves a current remaining balance of \$1,302,170.23 for future projects or COVID-19 related expenses.

**COST**

There is no cost to discuss the American Relief Plan Act (ARPA) Funds.

**RECOMMENDATION**

The Board, by consensus, approve the use of ARPA Funds received by the Village for the listed General Fund Expenses and any additional expenses within the new reporting period.