

CUMBERLAND COUNTY BOARD OF COMMISSIONERS
AMERICAN RESCUE PLAN COMMITTEE
COURTHOUSE, 117 DICK STREET, 5TH FLOOR, ROOM 564
MAY 25, 2021 – 4:00 PM
SPECIAL MEETING MINUTES

PRESENT: Commissioner Jimmy Keefe, ARP Committee Chairman
Commissioner Glenn Adams
Commissioner Toni Stewart
Amy Cannon, County Manager
Duane Holder, Deputy County Manager
Tracy Jackson, Assistant County Manager
Sally Shutt, Assistant County Manager
Angel Wright-Lanier, Assistant County Manager
Rick Moorefield, County Attorney
Ron Hamm, Hamm Consulting Group President
Leslie Mazingo, Hamm Consulting Group
Debra Bryant, Hamm Consulting Group
Candice H. White, Clerk to the Board
Kellie Beam, Deputy Clerk

Commissioner Keefe called the special meeting to order. The purpose of this meeting is to discuss the timeline, community survey and public engagement meetings with participation by federal lobbyists. Introductions followed.

Ron Hamm, Hamm Consulting Group President, stated there are still a lot of unknowns as it relates to the ARP because the act is in a period of interpretation and implementation. Mr. Hamm stated the ARP is also very broad as it relates to what the U.S. Treasury is attempting to do. Mr. Hamm provided the following PowerPoint presentation beginning with highlights of the ARP.

American Rescue Plan Highlights

- Signed into law March 11 (Public Law No. 117-2).
- \$1.9 Trillion Aid Package.
 - Including new State and Local Fiscal Recovery Fund.
- Billions more allocated to existing programs and grants.
- Expirations vary.

Mr. Hamm stated there is a lot of other funding available, but the key is to spend all outstanding federal grant funds/other funds that can be expended before getting to the ARP funding. Mr. Hamm advised the county not to be in a haste to spend these direct funds because there will be billions of dollars available in other places. Mr. Hamm stated the dates and times on other accounts are not all the same, so the county needs to take care to follow the rules around each specific account. Mr. Hamm also stated when considering all the available dollars, a strategy needs to be developed and a plan needs to be put in place to maximize the dollars so they can make a difference in the community.

Mr. Hamm shared the following funding comparisons under different Administrations:

- American Rescue Plan Act 2021 – \$1.9 Trillion
- December 2020 package – \$900 Billion
- March 2020 Package – \$2 Trillion
- American Recovery and Reinvestment Act of 2009 – \$800 Billion

Mr. Hamm reviewed the following key dates and stated when considering the 2024 and 2026 dates, the county should take time and think about what it wants to do. Commissioner Adams asked what the August 31, 2021, interim report should contain. Ms. Mazingo stated she will report back on the content for the interim report.

- January 27, 2020: Declaration of the public health crisis
 - March 3, 2021: Beginning of the Recovery Fund “covered period”
 - July 16, 2021: Deadline to comment on U.S. Treasury’s *Interim Final Rule* on Recovery Fund
 - August 31, 2021: Deadline to submit first Interim Report to U.S. Treasury
 - August 31, 2021: Deadline to submit first *Recovery Plan Performance Report* to U.S. Treasury
- Applies to COUNTIES ABOVE 250,000 POPULATION ONLY
- October 31, 2021: Deadline to submit first *Quarterly Project and Expenditure Report* - Applies to ALL COUNTIES
 - December 31, 2024: Recovery Funds must be obligated (NOT incurred)
 - December 31, 2026: Recovery Funds must be spent & all work/performance must be completed.

Rick Moorefield, County Attorney, stated 65% of the Emergency Rental Assistance program must be obligated by the September 30 deadline or it will be allocated to other jurisdictions. Mr. Moorefield stated programs such as this are not carte blanche and attention should be paid to the specifics of these various types of programs. Mr. Hamm concurred.

Mr. Hamm reviewed the next steps and stated attention should be paid to all guidance and rules from the U.S. Treasury as it is released. Mr. Hamm stated during the public comment period, Cumberland County may wish to submit comments about what it would like to see as part of the final regulations/guidance. Mr. Hamm stated the next guidance will likely answer a lot of current questions and the U.S. Treasury will update the FAQ, so attention should be paid to those as well.

- Interim Final Rule is open for public comment through July 16, 2021
- Input is invaluable to understand the needs and interests of communities and state and local governments
- Treasury will consider public comments in developing the Final Rule for the program
- In parallel, program has begun. Treasury has paid over \$100 billion to more than 1,500 state, local, and Tribal governments

Mr. Hamm reviewed the following breakdown of coronavirus key funding and stated one of the key things that can be done with this money is tied to infrastructure such as broadband and water/sewer projects. Mr. Hamm stated again, there needs to be a plan in place in terms of how the funds are deployed as the funding touches all parts of the community.

- **\$350 billion for state and local governments**
- \$1,400 direct payments to eligible taxpayers making \$75,000 or less
- Expanded/extended unemployment insurance through Sept. 6, 2021

- \$102 billion for community & economic development, transportation & infrastructure
- \$47 billion for housing, food security, public health & social services
- \$165.4 billion to aid our education system
- \$40 billion for childcare
- \$52.1 billion in new loans and grants for small businesses
- \$65.85 billion for coronavirus vaccine and testing activities

Commissioner Adams stated community organizations/agencies will need to apply for some of the ARP funding and asked how the community will know where to access the funding. Mr. Hamm stated some cities have used forums for funding under this bill, websites and social media; the county will need to determine how it wants to conduct its public outreach so entities will know what funding is available and what is eligible for funding. In response to a question posed by Commissioner Keefe, Ms. Mozingo stated the funds for things such as childcare will be directed using existing already established channels.

Mr. Hamm reviewed state and local recovering funds and U. S. Treasury timing:

- **\$350 billion for state and local governments.**
 - \$195.3 billion to States and DC
 - NC to receive \$5.7 billion
 - \$65.1 billion to Counties
 - \$65.1 billion to Municipalities
 - Every local government (county, city, town) will receive funding under the plan.
 - Using modified CDBG formula (but not subject to CDBG rules)
 - Allocation amounts not final until Treasury sets them

Timing and the Treasury

U.S. Treasury required to pay first tranche not later than 60-days after enactment (March 11), and second payment no earlier than 12 months after first payment.

- States have 30 days to distribute funds to non-entitlement municipalities (up to two 30-day extensions allowed).
- Funds remain available until December 31, 2024.
- Certification of need not required for local governments.

Ms. Mozingo stated with two tranches, the county needs to keep in mind that it can bill against its second tranche so the county can have its expenses and use the second tranche to reimburse the expense account. Amy Cannon, County Manager, stated Cumberland County received its first tranche of approximately \$32M.

Ms. Mozingo reviewed eligible and non-eligible uses of ARP funds as follows:

- To respond to the public health emergency with respect to COVID–19 or its negative economic impacts; includes behavioral, mental health, substance abuse and child health
- To respond to workers performing essential work during the COVID–19 by providing premium pay to eligible workers; may be retroactive.
- For the provision of government services to the extent of the reduction in revenue of such local government due to the COVID–19.
- To make necessary investments in water, sewer, or broadband infrastructure.

Ms. Mozingo stated the interim guidance divided the four areas above into three categories: nonexclusive allowable expenditures; encouraged expenditures or statutorily not required; and prohibited expenditures. Ms. Mozingo stated in terms of nonexclusive expenditures, anything spent within a qualified census tract or areas designated by Treasury as disadvantaged has a presumption of eligibility; this eliminates a lot of restrictions that might otherwise be faced. Ms. Mozingo stated in terms of encouraged expenditures, this would include assisting individuals impacted by the pandemic, particularly as it relates to racial and social equity issues. Ms. Mozingo referenced non-eligible uses and stated the reason accuracy is encouraged over speed is that any funds spent in this category are subject to repayment. In response to a comment from Commissioner Adams, Mr. Hamm stated sustainability is critical. Ms. Mozingo stated the HCG keeps hammering that everyone needs to think long term and spread the money over the useful term of this program because the ARP funds will dry up.

Eligible Uses – Water & Sewer

- Building or upgrading facilities and transmission, distribution and storage systems. To respond to workers performing essential work during the COVID-19 by providing premium pay to eligible workers.
- For the provision of government services to the extent of the reduction in revenue of such local government due to the COVID-19; rehabilitation of existing space
- To make necessary investments in water, sewer, broadband infrastructure; clean water and drinking water with additional flexibilities not always available

In response to an earlier question from Commissioner Adams, Ms. Mozingo stated the August 31 report is a report of expenditures to date at the summary level; an example would be PP or personal protection equipment or immediate needs and not something that would require long term financing. Mr. Moorefield asked whether ARP funds could be used to make facilities suitable for a pandemic or put the county in a better posture if it had to go through another pandemic. Ms. Mozingo stated as part of the pandemic recovery plan, the Treasury is looking at the rehabilitation of existing facilities as an eligible use of funds. Debra Bryant with the Hamm Consulting Group stated this bill, unlike other COVID pandemic emergency bills, gave money for domestic violence and child abuse. Commissioner Adams asked about using ARP funds for ADA. Mr. Moorefield stated it may fall under disparate treatment of the disabled. Ms. Mozingo stated it could also be looked at in terms of the disproportionately affected; there are ways to categorize uses and the county must make the case for its uses. In response to a question from Commissioner Keefe, Ms. Mozingo stated if the county has a project in its CIP, in most cases the county cannot use ARP funds to supplement something already budgeted or to supplant funding it did not previously have.

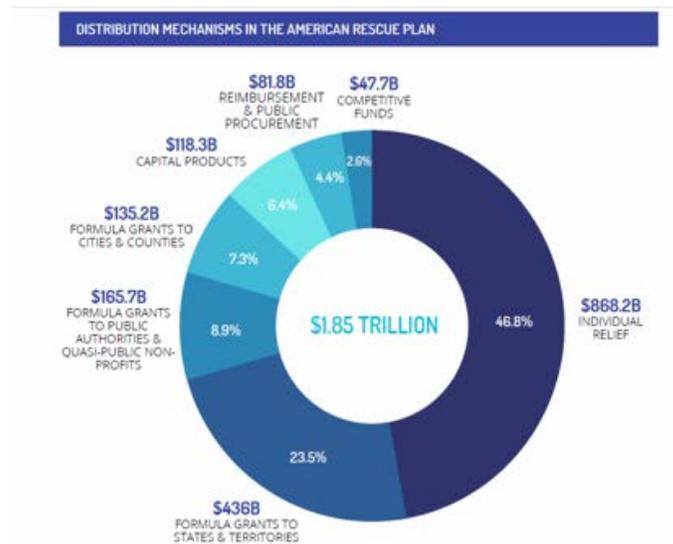
Ms. Mozingo reviewed non-eligible uses as follows and again stated the county needs to make sure its plan is well put together and well thought through. Ms. Mozingo stated if in doubt, submit any questions because there is a new office set up under Treasury to specifically help in this area and it will be available for the duration of the program.

- Cannot be used to either directly or indirectly offset a reduction in the net tax revenue.
- Cannot be deposited into pension funds.
- Cannot fund debt service, legal settlements or judgements
- Cannot deposit funds to rainy day funds financial services

- Misuse of funds subject to repayment.

Ms. Mozingo stated there has been talk of pooling resources but in terms of reporting, the county needs to be there is no comingling of funds and funds are kept within its jurisdiction.

Ms. Mozingo reviewed other funding or distribution mechanisms in the ARP and stated competitive funds are on top of annual appropriations the county will receive.



Ms. Mozingo briefly mentioned other available funding below:

- \$10 billion in Capital Project Funds administered by State.
- \$30.5 billion in Federal Transit Administration Section 5307, Section 5309, Section 5310 and Section 5311 Grants.
- \$8 billion in relief for airports.
- \$100 million in EPA grants.
- \$50 billion for FEMA Disaster Relief Funds (DRF).
- \$3 billion in EDA Economic Adjustment Assistance (EAA).
- \$7.1 billion for Emergency Connectivity Fund (ECF).
- \$1.25 billion in Shuttered Operator Venue Grants.
- \$28.6 billion in Restaurant Revitalization Fund Grants.
- \$7.25 billion plus modifications to the SBA Paycheck Protection Program.
- \$15 billion for targeted Economic Injury Disaster Loan Advance Payments.
- \$135 million for the National Endowment for the Arts.
- \$135 million for the National Endowment for the Humanities.
- \$200 million for the Institute of Museum and Library Services.
- \$300 million for Assistance to Firefighters (AFG and SAFER).

Ms. Mozingo stated everyone focuses on their direct allocation, but she would highly encourage the county to make sure it is looking at every other category of funding before it goes to its direct allocation. Ms. Mozingo responded to questions that followed.

Ms. Mazingo reviewed the following ways in which to get organized and stated Treasury FAQs and NACo webinars are very informative.

- Have Documents in Order.
- Assess Community Needs / Seek Public Input.
- Look for Regional Opportunities.
- Align Priorities with Available Resources.
- Spend Grants First.
- Avoid New / Unsustainable Programs.
- Support Social and Racial Equity.
- Keep Good Records for Compliance Reporting.
- Report Back with Your Story; important to share with Congressional office how ARP is making a difference.

Ms. Bryant stated North Carolina will receive \$5.7B in ARP funding and Governor Cooper's budget went to the General Assembly May 20 for their debate and approval. Ms. Bryant stated the State is on the same timeline and the fact that the Governor has recommended \$12.5M to the NCACC, \$12.5M to the NCLM and \$1M to each the 16 NC Council of Governments shows the State has clearly heard the issues about the capacity to administer these funds and is adding technical support to assist with financial requirements. Ms. Bryant stated it is a good investment up front to make sure good information is disseminated in order to respond to federal and State requirements. Ms. Bryant spoke to other recommendations in Governor Cooper's budget and stated companies are lobbying the state legislature for ARP dollars and the HCG is unable to say where those dollars will end up.

Questions and a brief discussion followed about state and federal ARP funds. Ms. Bryant stated utilizing ARP funds for an original water/sewer system or stormwater issues is a good investment because it is one time money with no match requirements. Ms. Cannon asked whether ARP funds could be used for repairs of a unit designated as distressed. Mr. Hamm stated based on information he received, ARP funds can be used for drinking water projects and building and upgrading wastewater system facilities. Ms. Cannon stated would apply to the county because it has that designation and a small sewer system. Commissioner Adams asked whether Cumberland County was distressed everywhere since it is a Tier 1 county. Ms. Bryant stated as Tier 1, the county has the most veterans and Fort Bragg so it could use that as its lead.

Commissioner Keefe provided closing remarks and thanked members of the HCG for being present.

There being no further business, the meeting adjourned at 5:30 p.m.

Approved with/without revision:

Respectfully submitted,

Candice H. White
Clerk to the Board