



DATE: October 12, 2021  
**DISCUSSION**

**AGENDA ITEM:** ARPA Request

**SUBMITTED BY:** Kristina Handt, City Administrator

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**BACKGROUND:**

Washington County adopted their plan for ARPA fund at the August 24<sup>th</sup> meeting and info can be found their website for that meeting or <https://www.co.washington.mn.us/3362/American-Rescue-Plan-Act-ARPA>

On September 28<sup>th</sup> the Washington County Board agreed to provide \$750,000 of its American Rescue Plan Act (ARPA) funds to the City of Stillwater for a sewer and water project. The County Board received public comment on the plan at the Sept. 28 meeting, and then approved the use of the money. The money is part of the \$51 million allocation that the county received from the U.S. Congress' passage of the American Rescue Plan Act of 2021 (ARPA), which provides fiscal relief funds to state and local governments aimed at mitigating the continuing effects of the COVID-19 pandemic.

The funds given to Stillwater as a sub recipient would supplement a \$2 million investment that the city is making in a sewer and water utility line to support economic development within a hard-to-reach area of the city. The area of Highway 36 and Manning Avenue – which is being reconstructed with a separated-grade intersection – would support commercial and residential development, as well as a hospital and healthcare campus. It is estimated that new development in the area would generate between \$20 million and \$53 million in market value, starting later this decade.

After learning this was on the agenda I reached out to the county administrator to ask about projects in Lake Elmo. The general direction I received was if it was something that falls within the guidelines of ARPA and the county would otherwise support, we should submit a request as soon as possible. It was also noted that a contribution from the city would also be expected.

**ISSUE BEFORE COUNCIL:**

Should the city request some of the county's ARPA funds? If so, how much and for what project?

**PROPOSAL:**

One project in the City of Lake Elmo that is very similar to the Stillwater example, is the effort to bring sewer to the 180 acres on Ideal Ave. In order to provide economic development to the property, the city anticipates making a \$1million investment in sewer infrastructure. We could ask that the county partner with us on that investment 50/50 by allocating a share of the County's ARPA fund to the City of Lake Elmo NorthPoint Development has plans to build over a million square feet of office/warehousing space. This development is projected to bring 560 jobs and increase in annual tax payments to \$2 million at full build out. The county portion of that would be over \$240,000 a year. So the county would see a return on investment in just a few years. One difference from the Stillwater example, is that the City of Lake Elmo has been working cooperatively with our neighbors (City of Oakdale) to bring sewer to the area. Agreements between the two cities have been finalized and approved by both parties.

**FISCAL IMPACT:**

The city's ARPA allocation is about \$974,575. If \$500,000 is received from the County for this sewer extension project, funds would be available for other uses such as public safety items for the fire department.

**OPTIONS:**

Provide direction to staff on next steps

**ATTACHMENTS:**

- ARPA Uses

# AMERICAN RESCUE PLAN ACT

## Eligible Uses



Responding to the  
Public Health Emergency



Addressing Negative  
Economic Impacts



Premium Pay for  
Essential Workers



Replacing Lost  
Revenue



Investment in Water, Sewer,  
and Broadband Infrastructure

- **Responding to the public health emergency.** Expenses may 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; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.
- **Responding to the negative economic impacts of the pandemic.** Eligible uses in this category include assistance to households; small businesses and

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

1. 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.
2. Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
3. Technical assistance, counseling, or other services to assist with business planning needs

- **Premium pay for essential workers.**

- a. An amount up to \$13 per hour that is paid to an eligible worker in addition to wages the worker otherwise received, for all work performed by the eligible worker during the COVID-19 public health emergency. Such amount may not exceed \$25,000 per eligible worker.
- b. Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.
- c. Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Treasury guidance. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.
- d. The Treasury guidance emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.
- e. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

- **Replacing Lost Revenue:** After the calculation method was applied, it was determined that the City **does not** have sufficient reduction in revenues for this method to be applied.
  
- **Investments in water, sewer, and broadband infrastructure**
  1. Under the Drinking Water State Revolving Fund (DWSRF), categories of eligible projects include: treatment, transmission, and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.
  2. Under the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF), categories of eligible projects include: construction of publicly owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, storm water systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.
  3. As mentioned in the Treasury guidance, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.
  4. Costs for construction on eligible water, sewer, or broadband infrastructure projects must be obligated by Dec. 31, 2024. The period of performance will run until Dec. 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.
  5. Broadband improvements require eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed. Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.