


To: President and Members of the Munster Town Council

From: Wendy Mis
Clerk-Treasurer 

Date: September 20, 2021

Re: Ordinance 1839: Creation of a Plan for the use of the American Recovery Plan Funds

The Town is considered a Non-Entitlement Unit of Local Government under Section 603 of American Recovery Plan Act (ARPA). Its total estimated allocation amount is \$ 5,074,463.52. Council adopted Ordinance 1826 to create the American Recovery Plan (ARP) Coronavirus Local Fiscal Recovery Fund. One of the requirements from the Treasury Department is that a plan be formally adopted prior to spending any of the money. The plan can be modified as necessary.

The Town has received the first distribution of its allocation in the amount of \$2,537,231.76 and has receipted it into the ARP Coronavirus Fiscal Recovery Fund. Section 603 of ARPA gives four possible uses of the funds. The money can be used to

1. respond to the public health emergency with respect to COVID-19 or its negative economic impacts, and/or
2. respond to workers performing essential work (as defined in other Treasury Department guidance) during the COVID-10 public health emergency, and/or
3. provide government services to the extent of the reduction in revenue due to the COVID-19 public health emergency (as defined in other Treasury Department guidance), and/or
4. make necessary investments in water, sewer, or broadband infrastructure.

These funds are a unique opportunity for the Town and the options are vast. Reading the Department of Treasury Interim Final Rule, a few things become clear. The two that stand out most are that there is broad latitude within the four prescribed uses and the funds are meant to have a transparent impact on the entire community. The following three uses meet both the letter and spirit of the law.

Our residents place a high value on the park facilities and offerings and the Park Department is seen as an integral component to the quality of life in Munster. Residents continue to expect this programming and maintenance of facilities. It is generally agreed that the Department of Parks and Recreation took the largest economic blow in 2020. The lockdown, social distancing and safety restrictions put in place caused the cancellation of numerous programs and events, reduced use of the pool facility, and refunds for programs planned prior to the lockdown. The revenue loss and cash position of 2020 have negatively impacted the offerings of the Park Department in 2021.

This revenue loss has made Park operations uncertain. As a result, Staff is recommending using \$500,000.00 for the provision of government services specifically for the Park Department. As a practical matter, the funds will be used to cover payroll costs, NIPSCO bills, supplies and materials needed for programs and similar operating costs associated with running a park department.

The second item in the plan is the purchase of a new fire engine in the amount of \$1,100,000.00. It is an allowable use under the revenue replacement clause of the ARPA which stipulates revenue replacement is to be used for the "provision of government services." The Treasury Department's Interim Final Rule further states that, "Government services can include...the provision of police, fire, and other public safety services." Staff has consulted with numerous people including representatives of Barnes & Thornburg focused on ARP uses regarding the legality of this purchase and we believe we are on solid ground with the interpretation. A fire engine has a useful life of at least 20 years, is clearly needed for the provision of a basic and critical governmental service and is a needed capital item. It has been on the capital improvement list for several years.

The third item in the plan is the implementation of a residential water meter replacement program. This is allowed under the “investment in water infrastructure clause of the ARPA. Staff has researched the Interim Final Rule and the other guidance documents associated with this particular use to ensure it is allowable. There will be \$3.3 million allocated for this program.

There is a balance of \$174,463.52 not currently allocated. The plan can be amended as needed and the use of this balance can be determined at a later date. Fund 176 is included with the proposed additional appropriations also being considered on first reading this evening. No monies can be paid from the ARP Coronavirus Local Fiscal Recovery Fund until appropriated by Council. Ordinance 1839 has been drafted to create the required plan.

RECOMMENDED ACTION:

By motion and roll call vote, hear Ordinance 1839 and schedule second reading for the next Council meeting.