

Town of Merrimac

ARPA Committee Recommendation Memorandum

Written by Chris Manni, ARPA Committee Chair

September 14, 2021

Introduction:

The ARPA (American Rescue Plan Act) Committee that the Board of Selectmen established on May 24, 2021 has completed its objective to create a diverse membership of citizens and key stakeholders in order to recommend to the Board of Selectmen and town citizens how to invest the approximately \$2.1 million that the town of Merrimac expects to receive through the American Rescue Plan Act of 2021, also called the COVID-19 Stimulus Package or American Rescue Plan, Pub L. No. 117-2 (March 11, 2021).

Background/ARPA Rules:

Cities and towns will receive the ARPA funds in two distributions. As mentioned above, Merrimac's projection is \$2.1M and we have already received 50% of this amount. The funds can only be used for four purposes:

- 1) Addressing the public health emergency and/or the negative economic impacts
- 2) Premium pay for private or public essential workers (with caps)
- 3) Revenue loss due to the pandemic (most flexible use for government services)
- 4) Investment in water, sewer, or broadband infrastructure

The funds cannot be used to restore stabilization funds, or for pension funds, debt service, borrowing costs, or as a match for federal grants and almost all uses must be forward-looking, beginning on March 3, 2021. Lastly, funds must be obligated by Dec. 31, 2024 and spent by Dec. 31, 2026.

Recommendation making process:

- 1) Brainstorming – The committee started the process by discussing a comprehensive list of investments to consider regardless of its feasibility and eligibility with the ARPA funds. A few examples of the ideas include improving water distribution, road repair and paving, wastewater capacity, creation of emergency shelter at Sweetsir Elementary, premium pay for essential workers, and investment in fiber for town broadband.
- 2) Vetting – Once the committee created this list of potential investments, the next meeting was spent discussing and debating the merits, priority, and potential funding source for each project. The overarching consideration during these discussions was whether the project would be eligible under the ARPA guidelines. At that time, Carol McLeod reached out to the Treasury to gain guidance which is still outstanding for a few projects.
- 3) Recommendations – At the conclusion of our last meeting, the committee agreed to send the following recommendation to the Board of Selectmen to review, discuss, and if the projects are approved, would disband.

Priority#1 – Increase Water Main Distribution

The committee unanimously agreed that our top priority should be upgrading our water main distribution to increase the diameter of water mains in critical areas of the town. The benefits of this priority include but are not limited to:

- 1) Provide the town better fire-fighting capacity (Safety/Security)
 - a. “In these areas of town, the six-inch diameter water mains are significantly deficient. Think of it as taking a garden hose and putting your finger on it.” – Fire Chief Larry Fisher
- 2) Provide the town better water capacity, flow, and quality (Quality of Life)
- 3) The areas where we upgrade our water mains, the roads will also be repaired saving the town additional road replacement costs in the future (Return on investment)

Areas of town impacted

The ARPA Committee’s recommendation is focused on the following areas of town (written in order of priority):

- 1) Bear Hill Road – Sargent Farm to Lakewoods Drive
- 2) Bear Hill Road – Lakewoods Drive to Abbey Road
- 3) Winter Street & Woodland Street – Winter Street: Nichols Street to Woodland Street; Woodland Street to West Main Street
- 4) East Main Street – Wallace Way to Attitash Ave

Depending on the result of the bidding process, the committee’s recommendation is to use as much of ARPA Funds to upgrade all these areas. Lastly, the initial estimate of the project duration is six months which would create short-term logistical challenges.

Priority#2 – Create Emergency Shelter at Sweetsir Elementary

Currently, the Town of Merrimac does not have an emergency shelter and/or cooling/heating station for our citizens. Given the increase in volatile weather to our region, the committee recommends that this project be prioritized by the Board of Selectmen when recommending fiscal policy to the Capital Planning and Finance Committees. Please note that one of the considerations to its lower priority is due to its potential ineligibility of using ARPA funds. With that being said, the committee felt strongly that every funding avenue should be considered which includes but is not limited to potential Emergency Management grants or utilizing free cash to fund the project.

Priority#3 – Invest in Broadband Infrastructure (Fiber Internet)

This is a topic that has recently been discussed in two Selectmen meetings and has directly led to a citizen-led committee with Chairman Beaulieu. The reasons this is further down on the priority list are:

- 1) The projects with higher priority have direct safety/security benefits while this does not.
- 2) This investment needs to be fully vetted which the process has just begun.

- 3) Lastly, we are dealing with volatile markets and need to ensure that moving forward would not only create taxpayer value but would also be sustainable. If we pursue this project and membership doesn't drive the interest that we expect, there is a risk of increasing electrical rates to our taxpayers in order to absorb these costs.

Other items discussed but not prioritized include:

- 1) Wastewater Improvements – In 2017 and 2018, Merrimac's Wastewater Treatment Facility reached 80% of the town's permitted discharge rate. That led to the Town receiving a letter from the Massachusetts Department of Environmental Protection recommending an increased flow rate. Further discussions are recommended to understand the issue and discuss our plan to move forward with DPW Director and Board of Selectmen.
- 2) Premium pay for essential workers – While the committee agrees that so many community members deserve premium pay for their work during the COVID pandemic, there were two issues that we could not resolve. One, what is the scope of an "essential worker" and two, the committee agreed that the best fiscal decision for our taxpayers was to focus on improving the town's infrastructure with a long-term investment.
- 3) Cybersecurity – Various municipalities have dealt with or are currently dealing with cybersecurity risks including Merrimac. If safety/security remains a top town priority, this should be addressed. While there is substantial interest in supporting an investment to securing our town and taxpayer data, the committee recommends pursuing a regional consortium option (as done in Danvers) and funding through the recently announced grant program in Q1 2022.
- 4) There were tens of other ideas that didn't fall into the ARPA funding discussion but could be included in the ongoing Strategic Planning Committee discussions. That committee's objective is to provide a similar recommendation memorandum by the end of October to the Board of Selectmen to consider as they recommend fiscal priorities for 2023 and beyond.

Conclusion of ARPA Committee

Over the last few months, a few dozen citizens and key stakeholders came together to share ideas, discuss town priorities, and ultimately provide the Board of Selectmen a recommendation on how to invest our \$2.1 million worth of ARPA funds. The ARPA Committee as originally constructed will disband but as bids, contracts, and general oversight is required, many members would be interested in supporting the process to ensure a successful investment for our town. I would like to extend my gratitude to each of the committee members for their time, commitment, and engagement to moving our town forward. Thank you to the Board of Selectmen for encouraging such engagement and public involvement. If you have questions as you review this information, the ARPA Committee is willing to answer all questions so we can proceed with these investments.