

**ARPA questions from 3/16/22 VECAN Chat – Answered by Katie Buckley at VLCT**

- 1. Can you use ARPA funds to set up revolving low-income energy retrofits, to be paid back from energy bill saving? To allow for better penetration to low-income households for both in-depth weatherization & renewable generation.**

Yes, but it would be very difficult for municipal staff to administer, unless it is a large town/city with staff capacity to do it. Another approach to accomplish the same goal might be to grant the homeowner the funds for the retrofit and place a lien on the property for the amount of the grant. The lien can be settled when/if the property is ever sold. It doesn't refund itself at the rate of an RLF - much more protracted timeline for the funds.

There is currently a "tariff on bill" weatherization program for low-income Vermonters in the works - it is funded. Once the details are worked out, it will be piloted to target about 1,500 with more to follow, if successful. The Vermont Housing Finance Agency received \$9 million in funding for it and is working with Efficiency Vermont and other energy providers to stand up and implement this program. Check their website often to see when this will happen:  
<https://www.vhfa.org/>

- 2. Can ARPA funds be used for residential assessments?**

Yes, but same general answer as question 1 - difficult for municipal staff to administer. You would need to stand up a program that includes a process for selecting applicants and disbursing funds. Would the funds go directly to the resident? What is your guarantee they were actually being spent on an energy audit? If they are, will you gather the data from the results of the audits? Or do the funds instead go to a contractor who performs the audit on behalf of the municipality? The municipality would have to go through a procurement process to select a contractor. What are the legal implications for the town in doing it this way? Lots of questions and those are just a few. If this is an important item for your town to spend its money on, then perhaps calling Efficiency Vermont and working with them on carrying it out might be a way to go.

- 3. Any heavy-duty vehicle electric replacement money, such as pickups, plow trucks, etc.?**

Yes. This would fall under "the provision of government services" as would almost anything that is being suggested in this session.

- 4. Can ARPA funds be used to set up a reserve fund to pay off a solar project that was installed with a third party power purchase agreement?**

No. The final rule is very explicit on what ARPA funds cannot be spent on - reserve funds are specifically called out. There is a way to convert ARPA funds to general funds, which are unrestricted and could be used to create a reserve fund for the purposes described.

*(CAVEAT: as stated, this is VERY oversimplified! It should be done on a case by case basis and in consultation with a finance professional).*

**5. When Katie said that there are LOTS of other opportunities for support for energy projects, is there a list somewhere?**

There is no list. With the issuance of the final rule, the list of eligible uses of ARPA funds basically became endless. If you suggest a use to your legislative body and they want to fund it, then the sky's the limit. VLCT has three golden (informal) rules for spending ARPA awards:

#1 - If it's illegal to spend taxpayer money on it, don't spend ARPA money on it.

#2 - If spending money on it will create a conflict of interest, or even the appearance of a conflict of interest, then don't spend your ARPA money on it.

#3 – If you would not bring it before the voters on Town Meeting Day, then don't spend your ARPA money on it.

**6. Since transit has been so badly affected by covid, can arpa funds be used to enhance/support local transit services?**

Yes - and this is specifically called out in the interim final rule and final rule.

**7. If ARPA funds must be obligated by 12/2024, do they need to be in FY24 budget, i.e. approved at Town Meeting 2024?**

Voters do not need to approve ARPA spending - the legislative body of a municipality decides how ARPA funds will be spent. The references to must be “obligated by” and “spent by” dates may become mute depending upon how a town runs the ARPA award through its general ledger.

**8. What are reporting requirements for ARPA if a town goes the Revenue Replacement route?**

ARPA Reporting requirements: 1X annually, for the period ending March 31st; reporting due by April 30th through an online portal created by Treasury. If towns take the standard allowance, then they will report under a single "Expenditure Category 6.1 Provision of Gov't Services", check a few boxes and provide a written explanation of how the money will be spent. It is much simpler than any other approach and all the same types of activities can occur as they would in

other Expenditure Categories (all of which have more complicated and arduous reporting requirements and tracking).

**9. Can ARPA funding be used for municipal building energy audits? How about energy efficiency upgrades to those buildings?**

Both! But why use ARPA funds for energy audits when there are other funds to do this?

Watching how other funds will land (ex. H.518) to see where best to use your town's ARPA funds. Call your local legislators and ask them to support H.518!