Planning for Recovery:
Maximizing the Value of Federal Stimulus Funding for Your Customers and Your Bottom Line
The American Rescue Plan Act provides $1.9 trillion in relief to families, small businesses, and state and local governments.
Like most corporations and municipalities throughout the United States, your organization has likely struggled to cope with the extended financial, economic, and social impacts of the Coronavirus Disease 2019 (COVID-19) pandemic since March of 2020.

Revenues are down, often dramatically, as a result of reduced economic activity, and financial challenges are compounded by industry-specific impacts, including:

- Water and wastewater agencies with significant accounts in arrears where decisions have been made to maintain service even when bills have not been paid
- Reduced tolls and fares for transportation agencies as tens of millions of Americans have shifted to working from home
- Reduced rents for many commercial buildings as customers reduce their office building footprints
- Substantial costs of dealing with both direct and indirect effects of the extended health crisis that have reduced the available resources to address other challenges

This brochure details approved and anticipated Federal stimulus funding that can help relieve the current financial pain, and how Jacobs can help you take advantage of these opportunities through scenario planning, project prioritization, funding request development, and other forms of support.
New Hope: Federal Government Initiatives Provide Unique Stimulus Opportunities

Immediately, the American Rescue Plan Act, which was approved by the U.S. Congress and signed into law by President Biden on March 12, 2021, provides $1.9 trillion in relief to families, small businesses, and state and local governments to offset lost revenues and put significant effort into expediting COVID-19 vaccine production and distribution.

Below are examples of how the American Rescue Plan Act will provide some important immediate resources for water and transportation sector agencies:

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<tr>
<th>Transportation</th>
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<tr>
<td>Transit</td>
<td>$30 billion</td>
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<tr>
<td>Airports</td>
<td>$8 billion</td>
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<td>Amtrak</td>
<td>$1.7 billion</td>
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<th>Federal Emergency Management Agency (FEMA)</th>
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<td>Disaster Assistance</td>
<td>$50 billion</td>
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<th>Water</th>
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<td>$500 million in new/additional funding for the U.S. Department of Health and Human Services (HHS) low-income water program to be provided to the states and then as grants directly to water and wastewater utilities. These funds are in addition to $638 million made available for this program by Congress in December of 2020.</td>
<td>$500 million</td>
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<th>Additional Funding Across Infrastructure Elements</th>
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<td>State and local fiscal recovery funds that can be tapped for transportation, water, and other elements of infrastructure</td>
<td>$350 billion</td>
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The pie chart below illustrates the $350 billion in new state and local fiscal recovery funds to remain available through the U.S. Treasury through the end of 2024:

**Local government funding breakdown:**

- **$65.1 Billion** **Counties**
- **$45.6 Billion** **Metropolitan cities**
- **$19.5 Billion** **Towns with fewer than 50,000 people**

**Additional notes on state funding:**

- Each state plus Washington, D.C. would receive at least $500 million.
- Remaining state funds will be allocated based on the number of unemployed people.
Using the water sector as an example, the American Rescue Plan Act funding provides enhanced eligibilities and direct access for public water and wastewater utilities to address COVID-19 expenses (e.g., PPE for agency staff), to recoup lost revenues resulting from the COVID-19 pandemic (e.g., make up for reduced commercial revenues as a result of closed restaurants and other businesses), or to make necessary investments in water and sewer infrastructure unrelated to COVID-19 (e.g., treatment plant projects). Utilities can request funding from their municipal governments for any infrastructure project they may be undertaking.

Additional targeted Federal funding is planned as part of an infrastructure bill that is expected to work its way through the U.S. Congress in the next several months. Key initiatives from the infrastructure bill are likely to include the following:

- Clean water state Revolving Fund and Drinking Water State Revolving Fund reauthorizations
- Fixing America's Surface Transportation (FAST) Act reauthorization (highway, bridge, transit, bike, pedestrian transportation projects)
- Rural broadband
- Electric grid modernization
- Climate change and clean energy policies, programs, and tax provisions
- Environmental justice (funding pots may include Superfund, perfluoroalkyl substances [PFAS], Department of Energy Environmental Management)

In addition, the Senate also included a “Capital Projects Fund” for $10B that is in the final law. It appears likely that states can use this funding toward transportation or water projects. Each state (plus Washington, D.C. and Puerto Rico) will receive $100M and the rest will be distributed via population formula. The stated purpose is to “carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to the Coronavirus Disease (COVID–19).”
Taking Best Advantage of the Recovery

Many of you are having to quickly switch gears from addressing revenue shortfalls, loss of customer service demands, and internal staff management in the pandemic economy to planning for recovery that may be sparked by a combination of the following:

• A healthier employee base, customer base, and general population as more rapid than expected vaccination programs are rolled out
• Financial support to individuals from the American Rescue Plan Act to enable customers to pay for service at higher rates than was possible in the last year
• Financial support to government agencies, companies, and utilities from the American Rescue Plan Act to address accumulating financial deficits and provide financing for capital projects that have been deferred during the pandemic

Jacobs is well positioned to help you develop and implement plans for recovery in a more abundant economy that is expected during the next year and beyond. Our management and financial consulting services provide the following offerings that can help you maximize service benefits to your customers and other stakeholders and improve your overall financial position:

Scenario Planning - Systematically identify appropriate actions you should take in light of the combination of the new Federal funding sources and other external drivers, such as the pace of overall economic and health recovery. The scenario table below is an example of one of the tools that can be used to define more optimistic and pessimistic recovery scenarios, depending on what is anticipated regarding external drivers such as access to Federal funding. The scenarios can then be used to inform financial forecasting and support informed spending decisions.

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<th>External Drivers</th>
<th>Slow Transition</th>
<th>Mid-Range Recovery</th>
<th>Rapid Recovery</th>
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<td>Access to Federal Stimulus Funding</td>
<td>Access to Federal dollars is slower and at lower levels than initially anticipated. Deficits continue and few capital projects can be started.</td>
<td>Access to reasonable levels of Federal dollars occurs, but at somewhat slower pace than initially anticipated.</td>
<td>Early access to significant Federal dollars wipes out deficits and enables significant capital projects to be started.</td>
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<td>Overall Economy</td>
<td>Overall economic recovery is slowed by inflation and transaction time to implement recovery efforts. Customer demand for service remains muted.</td>
<td>Moderate pace of economic recovery results in demand for service that is better than experienced during 2020 but still below pre-pandemic levels.</td>
<td>Strong and rapid economic recovery results in return to pre-pandemic levels of demand for service by residential, commercial and industrial customers.</td>
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<td>Customer and Employee Health</td>
<td>Deployment of vaccines provides significant benefits, but effectiveness levels and variant strains temper the overall cost and efficiency savings realized.</td>
<td>Mid-range impact on customer and employee health.</td>
<td>Rapid deployment of successful vaccines provides significant boost to customer and employee health, providing significant efficiencies and cost savings compared with 2020.</td>
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<td>Affordability of Utility Service</td>
<td>Federal payments to families and utilities are insufficient to address most COVID-related financial deficits, so agencies continue to struggle to achieve financial solvency.</td>
<td>Mid-level results related to affordability of service, with improvements from 2020 but some significant continuing issues that need to be addressed.</td>
<td>Federal payments to families and utilities enable most COVID-related financial deficits to be addressed and most customers to be able to pay their service bills.</td>
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Project Prioritization – Determine which capital projects and operating initiatives provide the greatest benefits to your customers and stakeholders in light of changing needs and values.

Securing the New Federal Funding – Assess which of your projects and initiatives are best suited to qualify for the grants and other funding made available through the American Rescue Plan Act and other anticipated Federal stimulus legislation. Support in developing funding requests to local and state agencies for grants and loans where applicable.

Support in Washington, D.C. - Partner with our Government Relations team in Washington, D.C. for Federal funds that are allocated to specific projects at the Federal level. Our Washington team can assist in securing support from Congressional delegations, arrange key meetings, and provide other related constituent services that can prove vital to securing funding and project success.

Strategic Financial Planning – Support for developing an overall financial strategy that shows how revenues from the emerging new Federal sources fit into an overall funding strategy, including identification of matches for the Federal funding where required.

Financial Forecastings - The Net Cash Flow chart illustrates how financial forecasting can help support sound investment decisions. For the Slow Transition scenario, capital projects would likely need to be deferred. But, if the agency believes the Rapid Recovery scenario of significant Federal stimulus funds and return to pre-pandemic customers revenues is more likely, the agency could move forward with aggressively implementing its capital program.

![Comparison of Net Cash Flows](chart.png)

*Analysis of cumulative costs (benefits) across three scenarios*
**Financial and Schedule Tracking** - Monitor financial performance and allow implementation of early course corrections where needed with dashboards and other tracking. Below is an example of a performance dashboard.

![Dashboard Example](image)

**Environmental Justice and Social Equity** – Support for identifying how to use resources made available through the stimulus legislation to accomplish environmental justice and social equity objectives, particularly where prior disparities have been further compounded by the loss of jobs and other effects of the economic downturn during the COVID pandemic. Help in creating or reshaping customer assistance programs where needed and taking advantage of the Federal funding where available, such as the Low Income Home Energy Assistance Program (LIHEAP) funding and water/wastewater bill forgiveness funding that are part of the American Rescue Plan Act funding.