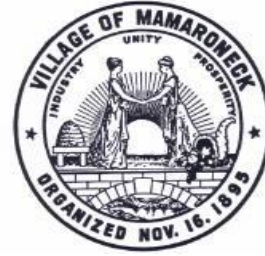


MEMORANDUM



To: Jerry Barberio, Village Manager

From: Daniel J. Sarnoff, Assistant Village Manager

Re: Use of American Rescue Plan Funds

Date: June 9, 2021

P 914-777-7703

F 914-777-7760

www.villageofmamaroneck.org

Regarding the above captioned matter, the Village will soon be receiving funds from the American Rescue Plan that was passed in February 2021. The exact amount is not yet known, however, it had been reported that the municipalities can expect to receive per capita funding of approximately \$109/resident. That being the case, with a population of 19,131, the Village can expect to receive approximately \$2,075,000 in funding. The funding is split with 50% to be received in June 2021 and the remaining to be received in June 2022.

In terms of how the funds can be used, federal guidance has identified the following areas:

- Support Public Health Response
- Address Negative Economic Impacts
- Replace Public Sector Revenue Loss
- Premium Pay for Essential Workers
- Water, Sewer and Broadband Infrastructure

Given that the social services and public health is addressed at a County level, the most appropriate use of the funds may be for sewer infrastructure. As the Village is likely to spend approximately \$10,000,000+ on its sewer system over the course of the next 2-3 years, this could be used to reduce the Village's need to issue debt for this purpose.

By happenstance, in late May, Agostino Fusco, Clerk-Treasurer asked out financial advisor (Beth Ferguson) about current borrowing rates and she reported the following:

Based on 1 million par amount		
	Interest	Annual
<u>Maturity</u>	<u>Rate</u>	<u>Prin & Int</u>
15 years	1.50%	\$ 75,000
20 years	1.70%	\$ 60,000
30 years	1.90%	\$ 45,000

Since sewer have a probable useful life of 30 years and based on the current historically low interest rate of 1.9%, every \$1,000,000 in debt has a cost of \$45,000 per year. If the Village were to utilize the rescue plan funds to offset the debt it ultimately issues for the work, it could save \$300,000 in expense over 30 years. If the Village also used the \$1,000,000 from next year, this benefit could be doubled. It should be noted, however that as the economy continues to

improve and inflation concerns may be realized there is a potential that by the time the Village is ready to issue debt the rates will increase. If this is the case, these savings would increase.

Given the importance of this sewer project, I would respectfully request that this item be placed on the June 14, 2021 work session agenda for further discussion with the Board as to the use of the rescue plan funds.