



Ralph S. Northam  
Governor

R. Brian Ball  
Secretary of  
Commerce and Trade

## COMMONWEALTH of VIRGINIA

Erik C. Johnston  
Director

DEPARTMENT OF  
HOUSING AND COMMUNITY DEVELOPMENT

October 29, 2021

**VIA EMAIL**

Sheila Minor  
Director of Finance  
City of Colonial Heights

Re: Award Letter, Guidance, and Required Certification and Comparison Analysis for COVID-19 ARPA SLFRF Municipal Utility Assistance Program

Dear Sheila Minor:

On behalf of Governor Northam, it gives me great pleasure to inform you that City of Colonial Heights has been awarded \$104,153.80 in federal State and Local Fiscal Recovery Funds (SLFRF) through the American Recovery Plan Act (ARPA) for the COVID-19 ARPA SLFRF Municipal Utility Assistance Program. Your award shall be used to directly assist residential municipal utility customers of City of Colonial Heights with arrearages greater than 60 days for the time period between March 12, 2020, and August 31, 2021. This funding is being provided under CFDA 21.027 – Coronavirus State and Local Fiscal Recovery Funds (SLFRF).

Please read the additional program guidance included with this letter carefully before proceeding with additional steps. Given the tight timeline for utilization of these funds and to receiving funds in an expedited manner, you must return the attached forms through a web portal. You are required to partner with a city or county to act as the fiscal agent to receive the funds from the Department of Accounts (DOA). The city or county will then forward funds to the municipal utility to apply to eligible residential utility customer accounts. In order to pre-qualify your eligible residential utility customer accounts and apply relief automatically, you will need to complete the Utility Arrearage Analysis in Appendix A. Once the project is complete, DOA will follow up regarding project outcomes and compliance. It is incumbent on City of Colonial Heights and the partnering city or county to ensure project expenses are properly documented and verified in case of audit.

For questions contact DHCD staff member David Conmy at [utility@dhcd.virginia.gov](mailto:utility@dhcd.virginia.gov).

Sincerely,

A handwritten signature in black ink that reads "Erik C. Johnston".

Erik Johnston  
Director, Virginia Department of Housing and Community Development

CC: David Von Moll, Comptroller, Department of Accounts  
Encl: COVID-19 ARPA SLFRF Municipal Utility Assistance Program: Guidance and Required Certification; Appendix A: Utility Arrearage Analysis to Substantiate Residential Customer Pre- Qualification; and Frequently Asked Questions

**COVID-19 ARPA SLFRF MUNICIPAL UTILITY ASSISTANCE PROGRAM:**

### Guidance and Required Certification

Based on the response that the Virginia State Corporation Commission (SCC) received from your utility system in the Application for Utility Assistance Funds (Municipal Utilities), the SCC has determined your award amount which is reflected in your award letter. Accordingly, the award letter, guidance, and required certification will serve as the next steps in facilitating this program.

### Pre-Qualification & Eligibility

This program is funded through the State and Local Fiscal Recovery Funds (SLFRF) of the American Rescue Plan Act (ARPA). One of the most important elements of ARPA federal guidance as it relates to this new Utility Assistance program is the ability to pre-qualify certain populations for eligibility rather than requiring individual customer applications/attestations. It is a best practice to pre-qualify groups and populations with relief programs as the customers with the lowest incomes and largest impacts from COVID-19 are least likely to provide customer attestations to any utility with which they have debt. This policy decision that is authorized in the federal guidelines is critical to ensure quick and equitable access to relief for residential customers negatively impacted by the pandemic.

This guidance supports the Commonwealth's determination as a recipient that for this SLFRF utility relief program that the population group of residential customers with arrearages over 60 days as of August 31, 2021, are households that experienced a negative economic impact due to COVID-19, which is determined by these households having an unpaid arrearage greater than 60 days during the pandemic. Unpaid utility arrearages demonstrate housing insecurity for this population group which [Treasury's 7-19-2021 FAQ](#) demonstrates negative economic impacts from the pandemic (see question 2.17, Pages 9 through 11). **Accordingly, the Commonwealth has determined that individual customer attestations are not required for this program once a utility analysis is provided.**

Only residential customers are eligible for this utility assistance. Municipal utilities shall pay the full amount of arrearages owed by eligible residential customers; however, funding may be limited and may not fully address the eligible arrearages for which your utility system applied. **Therefore, utility systems are required to proportionately distribute their award to the population/group of all residential utility customers that are 60+ days in arrears as of August 31, 2021.**

Because this program does not require customer attestation, **100% of your award amount must be directed to assisting eligible residential utility customers.** Utilization of your award amount for direct administrative costs is prohibited. **Utilities must ensure residential customers eligible for this relief have the funding credited to their account as soon as possible and must reflect this relief on the soonest billing statement possible given the specific billing system utilized by the utility. Should the application of any assistance render a customer due a balance necessitating a cash refund payable to the customer, such assistance shall be proportionally reduced as to achieve a zero balance.**

### Management of Award Funds

Upon receipt of any funds, utilities shall maintain separate ARPA COVID-19 Utility Assistance Funds and record direct assistance payments to residential customers on their books in accordance with applicable accounting standards. Utilities may not direct any funds provided in this paragraph to new deposits, down payments, fees, late fees, interest charges, or penalties.

Your award amount must be disbursed through a partnering county or city that will serve as the fiscal

agent with the Department of Accounts (DOA) disbursing funds and having responsibility for sub-recipient monitoring. Consequently, municipal utility systems, especially those that are not directly managed by a city or a county, will need to partner with a city or county to serve as the fiscal agent for this program. Cities and counties may serve as the fiscal agent for more than one municipal utility system. In order to receive your funding for this program, the chief administrative officer for the partnering city or county and the authorized official representing the municipal utility will be required to certify their respective organization's participation in this program and its adherence to all associated federal ARPA SLFRF guidance and regulations. A standard certification for this program requiring signatures from both officials on behalf of their respective organizations has been included near the end of this document.

### Program Certification & Compliance

The SCC has calculated the proportional share of available funding for each municipal utility system that applied by the SCC's application deadline. This information was forwarded to DHCD, which is facilitating the award letter and certification process for municipal utilities and their partnering city or county.

In order to receive the ARPA SLFRF funding amount calculated by SCC, each city and county and their partner municipal utility system(s) must complete a certification form (at the end of this document). The certification form must be signed by the chief administrative officer for the city or county and the authorized official representing the municipal utility partner. In the event more than one municipal utility partners with a city or county, a separate certification will be needed for each partnership.

These certifications will be accepted by DHCD bi-weekly based on the following pre-determined schedule:

- November 5, 2021
- November 19, 2021
- December 3, 2021
- December 17, 2021
- January 7, 2022
- **\*COB Friday, January 21, 2022 – Certification Final Deadline**

**\*January 21, 2022, will be the last date DHCD will accept certifications from awarded utilities. Any municipal utility that does not submit their certification by this date will forfeit their award and the funds will be used by the Commonwealth for other purposes in alignment with ARPA.**

Upon receipt of bi-weekly certifications from DHCD, DOA will process distributions to cities and counties – including those serving as fiscal agents on behalf of towns, authorities, and other regional level utilities – on a monthly basis.

The certification establishes that the awarded municipal utility and their city or county fiscal agent will abide by U.S. Treasury guidance and other regulatory matters concerning the use of ARPA SLFRF. The intent is for this allocation to pass through the county or city directly to the municipal utility to serve eligible municipal utility customers. The municipal utility as the customer utility relief program operator should develop a sub-agreement with the county or city fiscal agent assuring the city or county fiscal agent that the municipal utility will be responsible for compliance with state and federal law.

Upon receipt by DHCD of a complete and accurate certification form from the county/city and municipal utility, the Department of Accounts (DOA) will then distribute funds directly to cities and counties, which will serve as the fiscal agent on behalf of their partner municipal utility(ies). DOA will also be the lead state agency working with the city or county and their partnered utility system(s) on monitoring to ensure compliance with the program and federal guidelines.

**Please note that approval of an allocation for purposes of this utility assistance program does not represent any assurance, legal or otherwise, that the approved project complies with all federal guidelines related to the use of these funds. Cities and counties in addition to their partner municipal utility(ies) are strongly encouraged to consult their legal counsel prior to expending the federal ARPA Fiscal Recovery Funds that have been awarded through this program. Applicants are recommended to read and understand the federal guidance and the frequently asked questions can be obtained at the following links:**

<https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

<https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>

**This information is routinely updated, so guidance may have changed since you last consulted it.**

Compliance with the federal guidance is the responsibility of the city or county submitting the application on behalf of a municipal utility and failure to do so could result in disallowed expenses requiring repayment of the associated funds to the federal government. If the city or county fails to repay any funds spent for non-qualifying expenses on behalf of a municipal utility as required by the federal government, the State Comptroller will recover such amounts from future state payments to the locality via the State Aid Intercept Program. Consequently, cities and counties are encouraged to develop agreements or memorandums of understanding (MOU) with their partner municipal utility system(s) to indemnify cities and counties in the event the municipal utility system does not adhere to U.S. Treasury guidelines and consequently subjects the city or county to such State Aid Intercept action(s).

Further, the State Comptroller's office (DOA) has subrecipient monitoring responsibilities that will necessitate evaluation and additional correspondence with cities and counties regarding the use of funds. Cities and counties are encouraged to develop MOUs that will help establish clarity concerning responsibility and accountability among all parties regarding this requirement.

Please note that the certification statement includes an acknowledgment that recipients may not receive reimbursement or recipients may be required to return funds to the federal government if it is determined that those funds were spent for purposes that do not qualify. It is important to understand that the burden of ensuring that all ARPA Fiscal Recovery Funds are spent for qualifying purposes falls to the city or county working on behalf of the municipal utility. Again, cities and counties are encouraged to develop MOUs that will help establish clarity concerning responsibility and accountability among all parties regarding this requirement.

Awardees are responsible for maintaining all necessary documentation to ensure compliance with the federal requirements. The State Comptroller is responsible for all sub-recipient monitoring and may require additional information in the future from each city or county and/or their partner municipal utility system(s) to address that responsibility.

The certification form contains more specific details on the responsibilities of the city/county and partnered municipal utility. The signed certification form should be submitted to DHCD through the following web portal according to the aforementioned pre-determined schedule:

<http://s.alchemer.com/s3/COVID-19-ARPA-SLFRF-Municipal-Utility-Relief-Program>

If you have any questions regarding the appropriate use of ARPA SLFRF, please refer to the U.S. Treasury Website and guidance linked above. For questions about this process or technical questions about the

certification form or the distribution of the funds, please first refer to the FAQ documents provided and then send unresolved inquiries to: [utility@dhcd.virginia.gov](mailto:utility@dhcd.virginia.gov)

(Please replace the yellow highlighted sections with your information in the Certification and Certification Addendum)

**Certification:**

**CERTIFICATION FOR USE OF STATE AND LOCAL FISCAL RECOVERY FUNDS**

**by**

(CITY OR COUNTY NAME)

**on behalf of**

(MUNICIPAL UTILITY NAME)

We, the undersigned, represent (CITY OR COUNTY NAME) and are working in partnership with (MUNICIPAL UTILITY NAME) (the utility), and we certify that:

1. On behalf of (MUNICIPAL UTILITY NAME), (CITY OR COUNTY NAME) is requesting the allotment of funding from the Commonwealth of Virginia's share of the State and Local Fiscal Recovery Funds pursuant to section 602 of the Social Security Act, as added by section 9901 of the American Rescue Plan Act, Pub. L. No. 117-2 (Mar. 11, 2021) and appropriated in Item 479.20, Chapter 1, 2021 Acts of Assembly, Special Session II.
2. We understand that the Commonwealth of Virginia will rely on this certification as a material representation for distributing State and Local Fiscal Recovery funds to (CITY OR COUNTY NAME) on behalf of (MUNICIPAL UTILITY NAME).
3. We understand that it is our responsibility to ensure that funds are distributed by (CITY OR COUNTY NAME)'s to (MUNICIPAL UTILITY NAME) for the approved uses of the State and Local Fiscal Recovery funds provided under section 602 of the Social Security Act will be used only to cover those costs that:
  - a. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); or otherwise adhere to official federal guidance issued or that will be issued regarding what constitutes an eligible expenditure; and
  - b. fulfill the purposes as appropriated by the General Assembly in Paragraphs B.1 and B.2 of Item 479.20, Chapter 1, 2021 Acts of Assembly, Special Session II.
4. We understand that funds provided pursuant to this certification are for necessary obligations incurred within the eligible program period for customer arrearages as of August 31, 2021, and must be expended to cover such obligations no later than February 28, 2022; and that any funds that are not obligated on or before February 28, 2022, by (CITY OR COUNTY NAME) and (MUNICIPAL UTILITY NAME), must be returned to Commonwealth of Virginia no later than March 31, 2022.
5. We understand that (CITY OR COUNTY NAME) on behalf of (MUNICIPAL UTILITY NAME) will not be eligible to receive funding after the final certification deadline of January 21, 2022, from State and Local Fiscal Recovery Funds and (MUNICIPAL UTILITY NAME) may not commit to any such expenditures, pay any related expenses, or provide any such services from within existing resources not otherwise designated for such expenditures unless authorized by the General

Assembly and the Governor in a future appropriation act. We further understand that after the State and Local Fiscal Recovery funds are expended, the program and related services will end at that time unless other fund sources have been appropriated for those purposes.

6. We understand that expenditure of the State and Local Fiscal Recovery funds provided pursuant to this certification must adhere to official federal guidance issued or that will be issued regarding what constitutes a necessary and qualifying expenditure. Any State and Local Fiscal Recovery funds that cannot be expended by (MUNICIPAL UTILITY NAME) in a manner that adheres to official federal guidance shall be returned to the Commonwealth of Virginia so that it may be reprogrammed or returned to the federal government. I understand that any funds spent in violation of federal guidance may be subject to repayment by (CITY OR COUNTY NAME).
1. We understand that (CITY OR COUNTY NAME) and (MUNICIPAL UTILITY NAME) are responsible for retaining documentation of all uses of the State and Local Fiscal Recovery funds, including but not limited to contracts, MOUs, past due account ledgers, and/or grant award documents. Such documentation shall be produced upon request.
2. We understand that (CITY OR COUNTY NAME) and (MUNICIPAL UTILITY NAME) are responsible for maintaining proper accounting records to segregate these State and Local Fiscal Recovery expenditures from those supported by other fund sources and that all such records will be subject to audit.
3. We agree to follow and fully participate in reporting requirements issued by the Department of Accounts for the purposes of ensuring the Commonwealths' compliance with federal reporting guidance for State and Local Fiscal Recovery funds.
4. We understand that State and Local Fiscal Recovery funds provided pursuant to this certification must be used for a qualifying purpose as stated in federal law and guidance and (MUNICIPAL UTILITY NAME) may not identify this qualifying category as revenue replacement unless prior permission has been granted by the Governor pursuant to Paragraph B.3.a of Chapter 1, 2021 Acts of Assembly, Special Session II.
5. We understand that any State and Local Fiscal Recovery funds received pursuant to this certification cannot be used for expenditures for which (MUNICIPAL UTILITY NAME) has received from any other emergency COVID-19 supplemental funding (whether state, federal, or private in nature) for that same expense nor may State and Local Fiscal Recovery funds be used for purposes of matching other federal funds unless specifically authorized by federal statute, regulation, or guideline.

We certify that I have read the above certifications and my statements contained herein are true and correct to the best of our knowledge.

<b>City or County Chief Administrative Officer (CAO)</b>	<b>Authorized Official Representing Municipal Utility Allocated Funds by SCC</b>
Name of City or County:	Name of Municipal Utility:
Printed Name of CAO:	Printed Name of Municipal Utility Official:
Signature:	Signature:
Title:	Title:
Date:	Date:

**Please provide city/county DUNS number:** \_\_\_\_\_

**Please provide municipal utility DUNS number:** \_\_\_\_\_



## Certification Addendum

### Federal Requirements for information to be included in agreement between county/city and municipal utility

#### **§200.332 Requirements for pass-through entities.**

All pass-through entities must:

(a) Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal award identification. (Coronavirus State and Local Fiscal Recovery Funds (ARPA SLFRF), ALN 21.027.)

(i) Subrecipient name (which must match the name associated with its unique entity identifier); (Name of City or County)

(ii) Subrecipient's unique entity identifier; (City or County DUNS number)

(iii) Subaward Period of Performance Start and End Date; (October 29, 2021, and March 31, 2022, deadline to return funds)

(iv) Subaward Budget Period Start and End Date; (October 29, 2021, and March 31, 2022, deadline to return funds)

(v) Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient; \$104,153.80

(vi) Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current financial obligation; \$104,153.80

(vii) Total Amount of the Federal Award committed to the subrecipient by the pass-through entity; \$104,153.80

(viii) Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA); (ARPA SLFRF: Municipal Utility Relief Program to Assist Residential Customers)

(ix) Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity; (U.S. Treasury Department awarding agency / Commonwealth of Virginia pass-through entity / Contact for Pass-through Entity: Erik Johnston, Director, VA Department of Housing and Community Development, 600 East Main Street, Suite 300, Richmond, VA 23219, (804) 371-7000)

(x) Assistance Listings number and Title; the pass-through entity must identify the dollar amount made available under each Federal award and the Assistance Listings Number at time of disbursement; (CFDA Number and Title are 21.027, Coronavirus State and Local Fiscal Recovery Funds.)

(xi) Identification of whether the award is R&D; and (This is not R&D award)

(xii) Indirect cost rate for the Federal award (including if the de minimis rate is charged) per §200.414. (No indirect costs can be charged by county/city or municipal utility)

COVID-19 ARPA SLFRF Municipal Utility Relief Program  
Certification Addendum

Appendix A: Utility Arrearage Analysis to Substantiate Residential Customer Pre- Qualification

In order for the Commonwealth to authorize pre-qualification of the municipal utility's residential customer population impacted by the COVID-19 pandemic (i.e., residential customers with 60+ day arrearages as of August 31, 2021), by municipal utilities participating in the COVID-19 ARPA SLFRF Municipal Utility Relief Program, each awarded municipal utility is required to demonstrate that the program population is experiencing negative economic impacts as a result of the pandemic. Pre-qualification is based on guidance from the U.S. Treasury indicating that it is acceptable to demonstrate that households receiving assistance are within a population that experienced a negative economic impact and endorsing use of categories of populations for program implementation purposes (e.g., populations that have experienced unemployment, have experienced increased housing or food insecurity, or are low- or moderate-income). Consistent with the population-based approach to identifying negative economic impacts, in the context of the Municipal Utility Relief Program the Commonwealth is requiring each municipal utility to answer one of the following comparative questions to demonstrate that 60+ day residential customer population arrearages have been negatively impacted as compared to the program population's status prior to the pandemic. The following data backed analysis demonstrating negative economic impacts of the pandemic on the basis of increased residential customer population arrearages under either comparison test will authorize the municipal utility's residential customer population group to be eligible without the need for individual customer attestations. **All municipal utilities must complete this analysis. If the analysis demonstrates the negative economic impacts, the municipal utility will be required to pre-qualify their program population and provide this assistance to this entire population group without individual customer attestations. Municipal utilities, whose analysis does not prequalify the entire population group will be required to collect individual customer attestations. Utilities must submit with this Appendix accounting data supporting the selected option.**

1. **Comparison 1 (Accounts Receivable Comparison).** Please provide the following or certify that the utility has the following:
  - a. As of 2-29-2020 [or a billing cycle ended prior to March 1, 2020]
    - i. Total Accounts Receivable Arrearage Balance / Annual Virginia jurisdictional Operating Revenues. **Answer:** \_\_\_\_\_
  - b. As of 8-31-2021 [or a billing cycle ended prior to September 1, 2021]
    - i. Total Accounts Receivable Arrearage Balance plus CRF received in 2020 / Annual Virginia jurisdictional Operating Revenues. **Answer:** \_\_\_\_\_
  - c. Is 1.a. is less than 1.b.? **Answer:** \_\_\_\_\_ (If YES, the municipal utility's residential customer population meets the requirements for residential customer population pre-qualification.)

**OR**

2. **Comparison 2 (Arrearage Dollar Value Comparison)**
  - a. What is the dollar value of the municipal utility's total 60+ day residential utility customer arrearages as of 8-31-2021 plus previously paid utility relief during the pandemic (e.g., CRF Municipal Utility Relief already paid or other utility relief paid that demonstrates the higher total arrearages that would otherwise be present)? Please note this figure can also

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Certification Addendum

Appendix A: Utility Arrearage Analysis to Substantiate Residential Customer Pre- Qualification

be provided without including the additional utility relief provided during the pandemic.

**Answer:** \_\_\_\_\_

- b. What is the dollar value of the 1, 2, 3, 4 or 5 year average (circle one as applicable) of total 60+ day residential utility customer arrearages in the municipal utility's most recent fiscal year(s) that ended pre-pandemic (i.e., before March 1, 2020). **Answer:**  
\_\_\_\_\_
- c. Is 2.a. is greater than 2.b.? **Answer:** \_\_\_\_\_ (If YES, the municipal utility's residential customer population meets the requirements for residential customer population pre-qualification.)

**OR**

**3. Comparison 3 (Percent of Customer Base Comparison)**

- a. What is the percent of the municipal utility's residential utility customer accounts with 60+ day arrearages out of all municipal utility customer accounts as of 8-31-2021? **Answer:** \_\_\_\_\_
- b. What is the percent of the municipal utility's residential utility customer accounts with 60+ day arrearages out of all municipal utility customer accounts as of 3-1-2020 (or as of the end of the most recent fiscal year that ended prior to 3-1-2020)? **Answer:**  
\_\_\_\_\_
- c. Is 3.a. is greater than 3.b.? **Answer:** \_\_\_\_\_ (If YES, the municipal utility's residential customer population meets the requirements for residential customer population pre-qualification.)

For municipal utilities that are unable to complete Comparison 1, Comparison 2, or Comparison 3 but still think they could otherwise demonstrate their program population is experiencing negative economic impacts as a result of the pandemic compared to pre-pandemic times, please contact DHCD staff to discuss potential alternative means for computing and demonstrating such a comparison.

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Frequently Asked Questions

CARES Act

1. Do we still need to send back the remaining funds (CARES Act) that were originally allocated by December 1, 2021?
  - a. Yes. Please coordinate with your city/county fiscal agent (if applicable) and reach out to the Virginia Department of Accounts (DOA) for additional technical questions on this matter: [complianceoversight@doa.virginia.gov](mailto:complianceoversight@doa.virginia.gov). A memo from the DOA was circulated to every city and county on October 18, 2021, that contains instructions on how to return these funds, so please reach out to your city or county chief administrative officer for more information.
2. How does this relate to the previous CARES Act program?
  - a. The biggest distinctions with this program compared to the past program are:
    - i. Municipal utilities can pre-qualify their residential customers, so individual customer attestations are not necessary.
    - ii. Only available for residential municipal utility customers with 60+ day arrearages between March 12, 2020, and August 31, 2021.

Administration and Timing

1. For the pre-qualification calculation, if we are not able to generate an August 31, 2021, detail listing of only residential account balances, should we then use all balances, including commercial, and then apply an estimated % of residential balances as a total of all balances?
  - a. We suggest each utility produce whatever estimate most closely answers the question of August 31, 2021, residential 60+ day arrearages. For additional documentation, we suggest including the methodology you used for producing your calculation for your internal records in the case of an audit.
2. Once a municipality goes through this process and certifies is there an estimate on when a locality would receive the funds?
  - a. DHCD will process certifications that it receives from awarded municipal utilities on a bi-weekly basis. The Virginia Department of Accounts (DOA) will then process these bi-weekly certifications at the end of each month. It normally takes 3 to 5 business days for DOA funds to be deposited.
3. How long will we have to allocate these funds if approved?
  - a. Awarded municipal utilities in coordination with their partner city/county fiscal agent will need to return unspent funds to the Commonwealth no later than March 31, 2022. Any municipal utility and/or partner city/county fiscal agent that believes it will be unable to meet this deadline should contact the Virginia Department of Housing and Community Development (DHCD) as soon as possible.

Covered Costs and Time Periods

1. What type of utilities are covered?
  - a. Eligible municipal utilities include water, waste water, gas, and electricity.
2. Our utility bill includes services other than water and sewer (e.g. stormwater, refuse, taxes, administrative fees). Is awarded money for the SLFRF Utility Relief Program limited to water and

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Frequently Asked Questions

sewer only or is the municipal utility allowed to pay the customer's entire arrearage for eligible periods?

- a. Awarded funding is for the purpose of water, sewer, gas, and electricity only. However, we understand that many utility systems operate an accounting system that cannot isolate these types of services when applying relief. We recommend documenting the relief provided after you receive your award, so that these amounts are tracked in some way with the purpose of ensuring that the net effect can be neutralized in some way.
3. What arrearage dates are covered for this program?
  - a. March 12, 2020, through August 31, 2021.
4. Is the arrears specifically for residential accounts 60+ days behind using a bill date of 3/12/20 or the due date 3/12/20?
  - a. Because the relief is being provided to assist residential utility customers who may have experienced an economic hardship, you may provide relief to accounts 60+ days using a due date of 3/12/2020. It is certainly possible that there are eligible residential customers who became unable to pay a utility bill covering a period of time that occurred just before the pandemic because of an economic hardship that occurred at the very beginning of the pandemic.
5. What do municipalities do between date of application and date of grant as it relates to customers who may continue to pay down their eligible arrearage balances?
  - a. It is possible that utilities could receive payments from residential customers for eligible arrearages between the date of your application and the date of receiving your award. In this scenario, utilities could instead provide a higher proportion of relief to their remaining residential utility customers who still have qualified arrearages as of 8/31/2021. We are not expecting that utilities will receive 100% of their requested amount, but this could at least allow for greater assistance to your remaining eligible residential utility customer accounts. Additional guidance suggests that relief should be provided to your residential utility customers by (i) establishing each residential customer's percentage of arrearages over 60 Days to total municipal utility residential arrearages over 60 Days, and (ii) applying that percentage to total ARPA Fund dollars received by the municipal utility. As shown below, this formula will yield each customer's allotment of ARPA Funds:
    - i.  $(\text{Residential "Customer A" Arrearage Balance over 60 Days} / \text{All Residential Arrearages Over 60 Days}) \times \text{ARPA Funds Received} = \text{Individual Customer Arrearage Reduction}$
  - b. Finally, the budget language establishing this program states the following:
    - i. Utilities must ensure residential customers eligible for this relief have the funding credited to their account as soon as possible and must reflect this relief on the soonest billing statement possible given the specific billing system utilized by the utility. Should the application of any assistance render a customer due a balance necessitating a cash refund payable to the customer, such assistance shall be proportionally reduced as to achieve a zero balance.
6. Can we include multi-family residential accounts, even if they're classified as commercial accounts?

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- a. Residential multi-family dwellings - even if classified as commercial property/accounts - are eligible for this program if the forgiveness is passed along to the residential customer by the property owner(s).
7. We understand any funds received are applicable based on a pro-rata share as proportion of the delinquent balance. We have a unique situation that over 80% of our delinquency is attributable to one account, a residential apartment complex that is many months in arrears. Is there a maximum relief or cap on how much relief a single account can receive under the program?
- a. The budget language establishing this program does not place a maximum cap on relief provided nor does the Interim Final Rule speak to a capped amount for relief. Because a residential apartment complex would include multiple residential households, it would be reasonable to infer that the large delinquency is attributable to multiple households comprising the one account. Therefore, on a residential household-by-household basis, we assume this amount would be much smaller.
8. Can I assume that applications for ARPA funds should include inactive accounts, or is it just intended to only credit accounts with an active water account?
- a. Inactive accounts, accounts that are final or in collections may also be assisted provided that that such relief is applied to the portion of the final/in collections account that occurred/accrued between March 12, 2020, and August 31, 2021.
9. Are taxes included as part of this?
- a. DHCD cannot make a definitive interpretation on this question and suggest that you consult with your local attorney for official guidance. The budget language establishing this program states: "Utilities may not direct any funds provided in this paragraph to new deposits, down payments, fees, late fees, interest charges, or penalties."
  - a.