

**CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA**



Agenda Date:	November 15, 2021
Action Required:	Appropriation
Presenter:	Chris Cullinan, Director of Finance
Staff Contacts:	Chris Cullinan, Director of Finance Richard Palumbo, Utility Billing Manager
Title:	American Rescue Plan (ARP) Funds from the Commonwealth for Utility Bill Assistance - \$359,879.30

Background:

The Commonwealth of Virginia received \$4.3 billion of American Rescue Plan Funds. During the Special Legislative Session in August 2021, \$120 million was dedicated toward residential utility bills that are more than 60 days overdue. The City of Charlottesville has received notice of the award of \$359,879.30 in funds to assist residential customers with arrearages greater than 60 days for the time period between March 12, 2020 and August 31, 2021.

Discussion:

The award letter provides guidance that utilities have to follow in dispersing the funds. First, the assistance is limited to residential customers. The funds must be distributed on a proportionate basis and are not intended to cover 100% of the arrearages. The City has approximately \$550,000 in residential arrearages, thus the utility assistance funds will cover approximately 65% of overdue balances.

Unlike the utility bill assistance funds received from the CARES Act, customers do not need to take any actions or provide information to receive relief funds from ARP. This will allow Utility Billing Office staff to begin distributing the funds as soon as they are received.

Once the utility assistance funds are distributed, Utility Billing Office staff will work with customers on establishing affordable, sustainable repayment plans to cover any remaining overdue balances.

Alignment with City Council's Vision and Strategic Plan:

This funding supports and contributes to Goal 5 of the Strategic Plan, a well-managed and responsive organization; Objective 2.3, improve community health and safety outcomes by connecting residents with effective resources and Objective 3.2, to provide reliable and high quality infrastructure.

Community Engagement:

As noted above, these funds do not require customers to take any actions to receive the funds. Funds will be distributed to eligible residential accounts on a proportionate basis.

Budgetary Impact:

This has no impact on the General Fund or the Utilities Enterprise Funds. These funds will be appropriated to and expended from a designated fund. The funds will be distributed as credits towards a customer's utility bill.

Recommendation:

Staff recommends approval and appropriation of ARP funding in the amount of \$359,879.30 to be used to assist municipal utility customers experiencing economic hardship due to the COVID-19 pandemic.

Alternatives:

There is no alternative. Funds must be used for utility bill arrearage assistance or returned to the Commonwealth of Virginia Department of Accounts.

Attachments:

Appropriation
Award Letter

**RESOLUTION APPROPRIATING
American Rescue Plan (ARP) Funds from the Commonwealth for
Utility Bill Assistance \$359,879.30**

WHEREAS, the City of Charlottesville has received award approval for \$359,879.30 from the American Rescue Plan from the Commonwealth of Virginia Department Housing and Development to use to assist utility customer bill arrearages of over 60 days owed between March 12, 2020 and August 31, 2021;

NOW, THEREFORE BE IT RESOLVED by the Council of the City of Charlottesville, Virginia, that the sum of \$359,879.30 is hereby appropriated in the following manner:

Revenue-\$359,879.30

Fund 207 I/O: 1900446 G/L Account: 430127

Expenditures - \$359,879.30

Fund 207 I/O: 1900446 G/L Account: 599999



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

Chris Cullinan
Director of Finance
City of Charlottesville

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

Dear Chris Cullinan:

On behalf of Governor Northam, it gives me great pleasure to inform you that City of Charlottesville has been awarded \$359,879.30 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 Charlottesville 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 Charlottesville 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.

Sincerely,

Handwritten signature of Erik C. Johnston in black ink.

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

