

COVID-19 ARPA SLFRF Municipal Utility Relief Program  
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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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. 
$$\frac{\text{Residential "Customer A" Arrearage Balance over 60 Days}}{\text{All Residential Arrearages Over 60 Days}} \times \text{ARPA Funds Received} = \text{Individual Customer Arrearage Reduction}$$
  - 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 because 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." While taxes are not listed in the budget language, based on the "Revenue Loss" portion of the Interim Final Rule, the definition of general revenue excludes revenue generated by utilities because it focuses on sources that are generated from economic activity and are available to fund government services, rather than a fund or administrative unit established to account for and control a particular activity. Therefore, it would depend on a case-by-case basis, including if any financial controls or restrictions are placed on the utilization for such taxes. Again, please consult with your local attorney.