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RESPONDING TO COVID-19

With Small Businesses suffering now more than ever in the midst of COVID-19, cities should prioritize support of entrepreneurs and encourage creative strategies for property owners to backfill current or forthcoming vacancies.

Contents: Resources for Small Businesses & City Leaders

Serve as a conduit between small businesses and available resources

Small businesses are overwhelmed, and information from the Federal government is constantly changing and updating. Support the community by serving as a local expert and conduit between these small businesses and resources included within this report.

Main Street America recently surveyed 1,600 Downtown commercial districts, comprised of over 300,000 small businesses. According to their forecasts released in April 2020, approximately 3.5 million businesses are in danger of permanent closure over the next two months, while 7.5 million are in danger of closing over the next five months as a result of the COVID-19 crisis.

Similarly, depending on geographic location, anywhere between 50-75% of businesses responding indicated that they did not have a digital commerce presence prior to COVID-19.

Your team at Downtown Strategies has created the following resources that will equip you with fresh and creative strategies and solutions and encourage you to take inspiration from best practices other communities have implemented to create a recovery and rebuild plan of your own:

- 2021 American Rescue Plan Summary
- 2021 Coronavirus Response and Relief Supplemental Appropriations Act Summary
- 2020 CARES Act Summary
- Top Questions Answered: City Management & Funding
- Navigating COVID-19 for Small Businesses
- Small Business Financial Resources
- Plan Ahead: Start Today to Ensure Your Community is "Open for Business" Tomorrow
- Community to Community: Knowledge Sharing Platform

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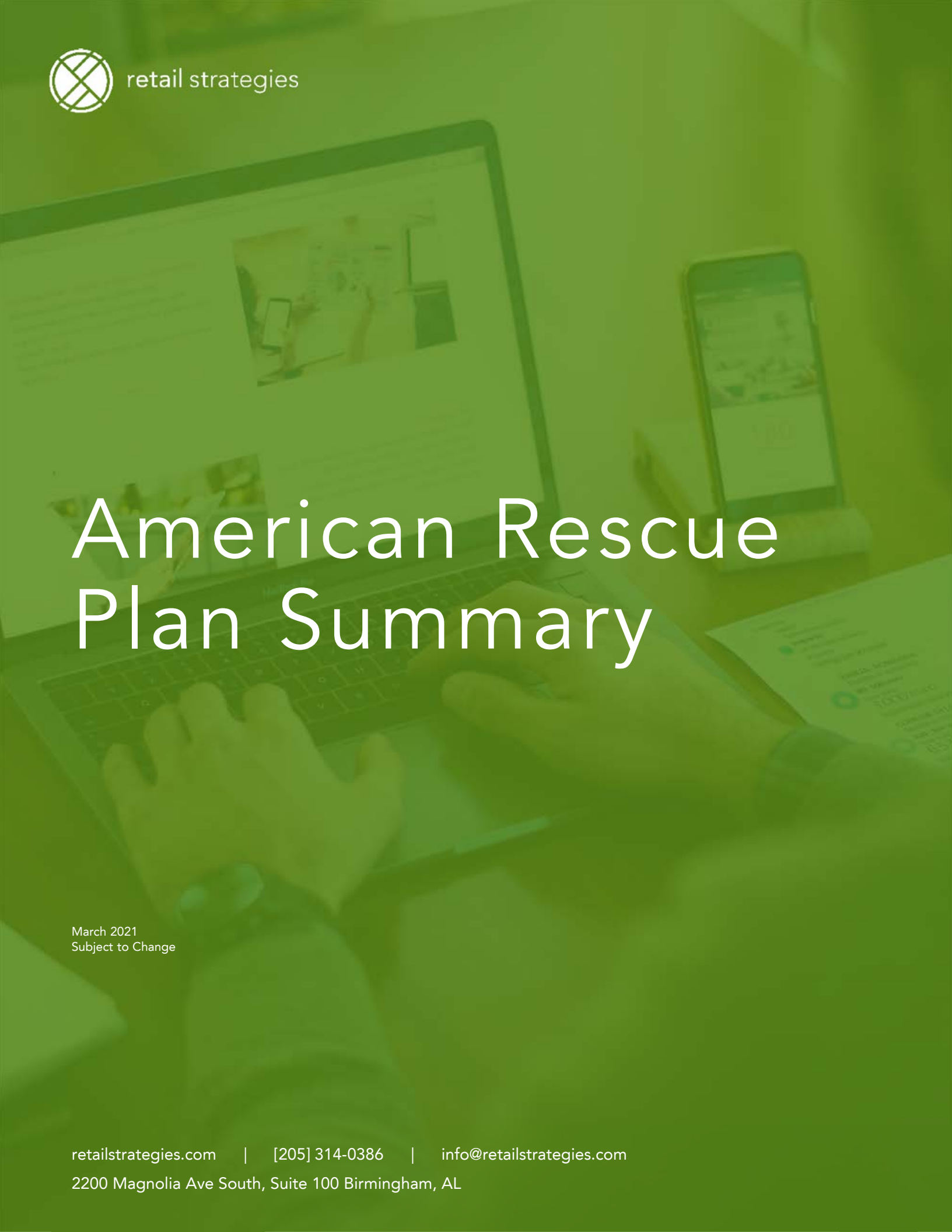

American Rescue Plan Summary

March 2021
Subject to Change

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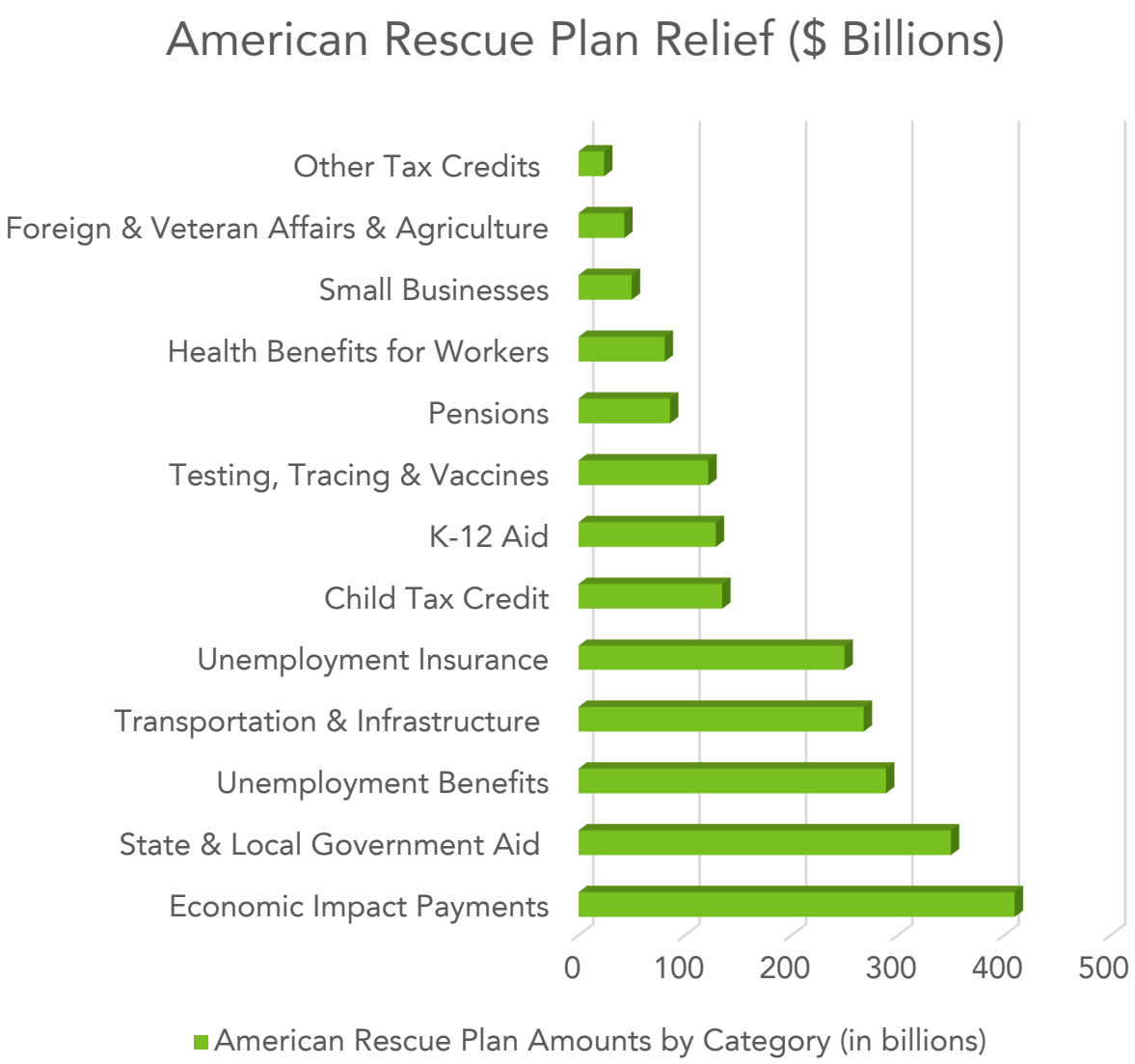
American Rescue Plan

On March 10, 2021, Congress passed the **American Rescue Plan Act of 2021** (H.R. 1319) providing $1.9 trillion of relief and stimulus funding for vaccines, schools, small businesses, everyday Americans, anti-poverty programs, **and a whopping $350 billion for states and local governments.**

President Biden signed the bill into law on March 11, 2021.



American Rescue Plan

Funding for Cities & States

- $350 billion of the bill will be allocated to local and state government.

Coronavirus State Fiscal Recovery Fund

States, the District of Columbia, tribal governments and U.S. territories will receive $219.8 billion in aid to be distributed, as follows:

- States will receive a total of $195.3 billion in aid, of which:
  - (1) $25.5 billion will be split evenly among each state and the District of Columbia, with each state and the District of Columbia receiving $500 million of aid; and
  - (2) $168.55 billion will be distributed based on each state's share of total unemployed workers over a three-month period of October 2020 to December 2020.
- District of Columbia will receive an additional $1.25 billion payment.
- Tribal governments will receive $20 billion in payments.
- U.S. territories will receive $4.5 billion in payments.

In addition to the above allocations, the U.S. Treasury will receive $50 million to cover costs of administration of the fund.

American Rescue Plan

Coronavirus Local Fiscal Recovery Fund

Development/lease negotiation

Local governments will receive $130.2 billion in aid to be split among counties, metropolitan cities and non-entitlement (localities with population less than 50,000) units of local government, as follows:

- Counties will receive $65.1 billion in population-adjusted payments based on each county's share of U.S. population, with additional adjustments for Community Development Block Grant (CDBG) recipients.
- Metropolitan cities will receive $45.57 billion in payments.
- Non-entitlement units of local government (localities with a population of less than 50,000) will receive $19.53 billion in payments distributed by individual states and funded by the U.S. Treasury. Each jurisdiction will receive population-adjusted payments based on such jurisdiction's share of the state population, not to exceed 75 percent of its most recent budget as of Jan. 27, 2020.

When will Funds be Available?

- For localities with populations over 50,000, funds should be available within 60 days. For localities with populations under 50,000, funds will be passed through their applicable state and will be made available to the locality within 90 days. States have no authority to withhold or place restrictions on funds that are passed through them to non-entitlement localities.
- Governments will receive first tranche of funds (equal to 50% of funds within 60-90 days of bill being signed; with second tranche being allocated 12 months later.
- Localities also must make periodic reports to the Treasury Department to account for funds expended.
- Funds must be used by Dec. 31, 2024.

American Rescue Plan

How Can Funds be Used?

Funds must be used by Dec. 31, 2024 and only for the following purposes:

- to respond to the public health emergency with respect to COVID-19 or its negative economic impacts, including assistance to households, small businesses and nonprofits, or aid to impacted industries such as tourism, travel and hospitality;

- to provide premium pay to eligible workers of the locality that are performing such essential work, or to provide grants to eligible employers that have eligible workers who perform essential work;

- for the provision of government services to the extent of the reduction in revenue of the locality due to the COVID-19 public health emergency, relative to revenues collected in the most recent full fiscal year prior to the emergency (pending Treasury guidance stating otherwise, (many organizations have interpreted the legislative text to allow for replacing revenue that was lost, delayed or decreased as a result of COVID-19); or

- to make necessary investments in water, sewer or broadband infrastructure.

American Rescue Plan

Industry Support (Restaurant & Others)

There are a variety of provisions in the legislation to offer support to various industries. The Small Business Administration (SBA) will receive $25 billion for a new grant program for "restaurants and other food and drinking establishments." Grants will be up to $10 million per entity and $5 million per physical location, with a maximum of 20 locations. The legislation sets aside $5 billion of the total money to be targeted to businesses with less than $500,000 in revenue in 2019. The legislation includes another $1.25 billion for the Small Business Administration's Shuttered Venue Operators Grant program

To support the transportation sector, the legislation allocates nearly $30 billion for transit costs, including payroll and personal protective equipment; $8 billion for airports; $3 billion for a temporary payroll support program to help support the aerospace manufacturing industry; and $1.5 billion to recall and pay Amtrak employees who were furloughed because of the pandemic and to restore various daily routes. Another $15 billion will also be allocated to support workers in the airline industry.

Unemployment Benefits

Federal unemployment insurance payments will remain at $300 per week. The benefits will extend through September 6. The Senate's bill makes the first $10,200 in unemployment payments nontaxable for households with incomes under $150,000.

Paycheck Protection Program (PPP)

The bill includes $7.25 billion in new money for the small-business loan program known as PPP and will allow more nonprofits to apply, including groups that engage in advocacy and some limited lobbying. It also allows larger nonprofits to be eligible.

Education

There are over $128 billion in grants to state educational agencies, with 90% allocated to local educational agencies, plus $39 billion in grants to higher education institutions. Nearly $15 billion in funds are directed to the Child Care & Development Block Grant program to help support child care facilities, particularly in high-need areas.

American Rescue Plan

Direct Payments

The bill allocates funds for a third economic impact payment to qualifying Americans. Individuals earning up to $75,000 and couples earning up to $150,000 will receive the full direct payments of $1,400 per person. Individuals will also receive an additional $1,400 payment for each dependent claimed on their tax returns. Senate Democrats agreed to lower the income cutoff at which payments phase out from $100,000 to $80,000 for individuals, and from $200,000 to $160,000 for couples filing jointly.

Child Tax Credits

The legislation will temporarily expand the child tax credit, increasing the amount to $3,000 for children ages 6 to 17 and $3,600 for children under age 6. The amount is gradually reduced for couples earning over $150,000 and individuals earning over $75,000 per year. Families eligible for the full credit will get payments of up to $300 per child per month from July through the end of the year.

Support for Low-income Families

The legislation includes $4.5 billion for the Low Income Home Energy Assistance Program, known as LIHEAP, to help families with home heating and cooling costs. One provision will give the agriculture secretary the authority and funding to temporarily boost the value of cash vouchers for the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) up to $35 per month for women and children for a four-month period during the pandemic. There is $1.4 billion in funding for programs authorized under the Older Americans Act, including support for nutrition programs, community-based support programs and the National Family Caregiver Support Program. The bill provides $37 million to the Commodity Supplemental Food Program for low-income seniors.

Rental Assistance

There is $25 billion for emergency rental assistance, including $5 billion for emergency housing vouchers for people experiencing homelessness, survivors of domestic violence and victims of human trafficking.

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Coronavirus Response & Relief Supplemental Appropriations Act Summary

December 2020
Subject to Change

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COVID-19

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Coronavirus Response and Relief Supplemental Appropriations Act

On December 21, 2020, Congress passed the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (H.R. 133) to provide more than $900 billion in emergency assistance for individuals, families, non-profits and businesses impacted by the COVID pandemic.

President Trump signed the bill into law on December 27, 2020, allowing relief funding to begin to be distributed across the United States.

Direct Payments

Includes another round of stimulus checks of $600 for individuals who make up to $75,000 and $1,200 for couples who make up to $150,000, as well as an extra $600 per eligible dependent. The payments will be based on income from 2019 and could arrive as early as the first of January 2021.

Rental Assistance

Creates an emergency federal rental assistance program run by the Treasury Department and administered by state and local governments, based on population. Includes $25 billion in funding for the program, which will provide targeted assistance to renters impacted by the pandemic. Eligible renters will be able to use this assistance for past due rent, future rent payments, as well as to pay utility and energy bills and prevent shutoffs. The eviction moratorium was also extended through the end of January 2021.

Universal Charitable Deduction

Includes an extension of the $300 universal charitable deduction for non-itemizers through 2021 and doubles the cap to $600 for joint filers.

Coronavirus Response and Relief Supplemental Appropriations Act

Small Business Support

$325 billion allotted to help small businesses includes $284 billion for first and second forgivable Paycheck Protection Program loans and expands eligibility for local newspapers and TV and radio broadcasters. The bill also includes $20 billion for Economic Injury Disaster Loans.

The bill requires the Small Business Administration (SBA) to establish regulations on small-business support no later than 10 days after the legislation is signed into law, which would be Wednesday, January 6.

Businesses that received PPP loans would be able to take tax deductions for the expenses covered by forgiven loans –

Paycheck Protection Program

Included are several provisions for first – **and second** – PPP applicants:

- Loans are available until March 31, 2021 (i.e., deadline to apply for PPP.)
- The loan forgiveness process is simplified for loans of $150,000 or less.
- Organizations with 300 or fewer employees that can demonstrate a revenue decline of at least 25 percent in any quarter in 2020 over the same quarter in 2019 can receive a second PPP loan of up to $2 million.
- $35 billion of PPP funds are reserved for first time loan recipients.
- Forgiven PPP loans will not be classified as income and tax deductions are now allowed for expenses paid with proceeds of forgiven PPP loans.

Economic Injury Disaster Loans (EIDL)

Additional $20 billion added to the EIDL Program. These loans provide eligible applicants with favorable 30-year loans accompanied by forgivable grants, as an advance, of up to $10,000. Payments on these loans are deferred for a year. Applicants must employ 500 or fewer employees and demonstrate a working capital loss due to COVID.

Coronavirus Response and Relief Supplemental Appropriations Act

Small Business Support

Non-Profit Eligibility

Beginning early 2021, 501(c)(6) nonprofits can apply for PPP loans under the following criteria:

- The organization does not receive more than 15 percent of receipts from lobbying activities.
- The lobbying activities do not comprise more than 15 percent of total activities
- The cost of lobbying activities of the organization did not exceed $1,000,000 during the most recent tax year that ended prior to February 15, 2020; and
- The organization has 300 or fewer employees

Payroll Tax Deferral

Employers that utilized the payroll tax deferral executive order issued in September would now have until the end of 2021 to pay back deferred taxes, rather than the end of April.

Employee Retention Tax Credit (ERTC)

Extends the refundable tax credit starting January 1, 2021 through July 1, 2021 and significantly expands access:

- Increases the limit on per-employee creditable wages from $10,000 for the year to $10,000 for each quarter;
- Increases the credit rate from 50 percent to 70 percent of qualified wages;
- Expands eligibility by reducing the required year-over-year decline in gross receipts from 50 percent to 20 percent.

Coronavirus Response and Relief Supplemental Appropriations Act

Small Business Support

Other Tax Provisions

Temporarily extends tax breaks for renewable energy, including incentives for wind energy and carbon capture and includes deductions for business meals.

Lower excise taxes on beer, wine and spirits that were set to expire Dec. 31 will be permanently extended, and tax incentives for investing in low-income areas and hiring workers from disadvantaged groups would be extended for five years.

Health & Vaccines

$69 billion for vaccines, testing, tracing, and to support community health and health care providers.

Child Care and Development Block Grants (CCDBG)

$10 billion in federal grants to provide childcare subsidies for low-income families with children under age 13. The CCDBG also allows for flexibility to pair state and federal funds to improve the overall quality of childcare available to families within existing state and local systems. This includes $250 million for the Head Start program.

Banks

$12 billion in support to small lenders focused on low-income and minority communities.

Entertainment Venues

$15 billion for independent movie theaters, live entertainment venues and cultural institutions.

Coronavirus Response and Relief Supplemental Appropriations Act

Farms

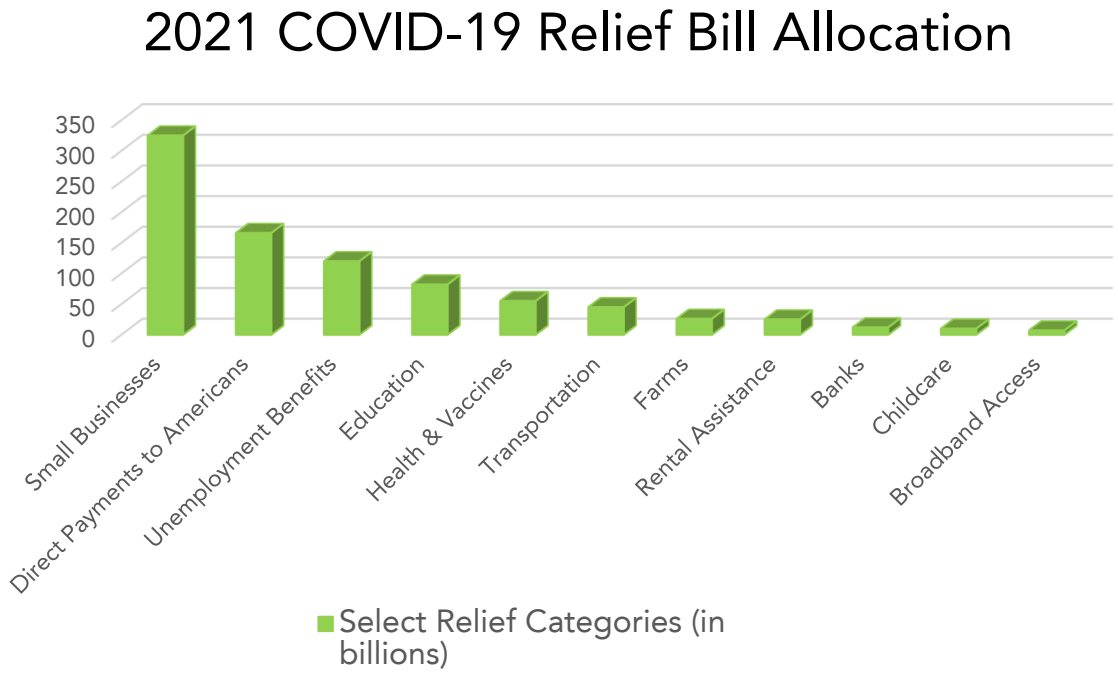
$12 billion to crop farmers, cattle ranchers and rural communities. This includes funds to growers that may sell goods at local farmers markets.

Postal Service

$10 billion forgivable grant to the United States Postal Service, and previous conditions imposed by the Treasury in the CARES Act would no longer apply.

Other

- Transportation: $45 billion
- Education: $82 billion
- Nutrition and agriculture: $26 billion
- Community development: $12 billion
- Broadband access: $7 billion



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CARES Act Economic Relief Plan Overview

City and State, Small Business, and Retailer Opportunities

April 2020
Subject to Change

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CARES Act Economic Relief Plan Overview

Congress' $2 trillion coronavirus stimulus package is the rare bipartisan legislative agreement that will have an immediate and lasting impact on ordinary citizens around the country.

Thousands of dollars in direct payments to most Americans, as well as a huge loan package designed to help keep small businesses afloat as Main Street struggles through what could become the worst recession in American history will soon be available.

Direct Payments

Americans will receive a one-time direct deposit of up to $1,200, and couples will receive $2,400. The payments will be phased out based on income levels, before ending for those earning more than $99,000 annually. Families receive an additional $500 per child.

Small Businesses

Small businesses will receive $367 billion to keep making payroll while workers have to stay home. Companies with 500 employees or less that keep paychecks steady could get up to $10 million each in forgivable small business loans. Federally guaranteed loans will provide eight weeks of assistance for qualifying employers who maintain payroll. Those who meet requirements would have costs such as utilities, mortgage interest and rent forgiven.

* On Friday, April 24, the President signed a $484 billion bill, which largely replenishes this fund for Small Businesses.

States and Local Governments

States and local governments will receive $150 billion, with $8 billion set aside for tribal governments.

CARES Act Economic Relief Plan Overview

The Unemployed

The program's extended unemployment insurance program ensures laid-off workers, on average, will receive their full pay for four months. It also allows furloughed workers to stay on as employees, so that when the crisis ends they can quickly resume work. The deal extends to gig economy workers, such as Uber drivers as well.

Hospitals and Health Care Workers

The deal injects $100 billion into hospitals and the nation's health system, and billions more into providing personal and protective equipment for health care workers, testing supplies, and increased workforce and training.

Industry

Big businesses like airlines and others will receive $500 billion in loans, which would ideally help stave off layoffs for employees in these industries.

Payroll Taxes

The measure enables individuals to defer payment of their 2020 payroll taxes until 2021 and 2022.

**There are a multitude of other provision for various programs within government and the private sector. For the full text of HR 458, please visit www.congress.gov.*

City & State Funding Opportunities

Coronavirus Relief Fund

- Creates a $150 billion fund to provide direct assistance to states and localities to use for expenditures incurred due to the public health emergency with respect to COVID-19 in the face of revenue declines, allocated by population proportions, with a minimum of $1.25 billion for states with relatively small populations. 55% to states; 45% to localities. Localities eligible for direct assistance include: a county, municipality, town, township, village, parish, borough, or other unit of general government below the State level with a population that exceeds 500,000.

- The language states that a State, Tribal government, and unit of local government shall use the funds provided under a payment made under this section to cover only those costs of the State, Tribal government, or unit of local government that—''(1) are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); ''(2) were not accounted for in the budget most recently approved as of the date of enactment of this section for the State or government; and ''(3) were incurred during the period that begins on March 1, 2020, and ends on December 30, 11 2020.

- In addition to federal aid, states also have the option to access their own emergency reserves called rainy day funds, which are intended to help fill budget gaps and allow states to respond to unexpected events like the coronavirus outbreak. Overall rainy day fund balances are at an all-time high, but spending levels are still not back to their pre-2008 levels and budgets have become more rigid as fixed costs (like Medicaid) have ballooned; this means that despite record-high levels of emergency cash, states may not have enough on hand to endure a prolonged economic downturn.

Department of Commerce

- **Economic Development Administration (EDA)** – The bill provides $1.5 billion for economic adjustment assistance, which can be used to help rebuild impacted industries such as tourism or manufacturing supply chains, capitalize local funds to provide low-interest loans to businesses of all sizes, and support other locally-identified priorities for economic recovery.

- **Support for Manufacturing –** $50 million is provided for the Manufacturing Extension Partnership to help small- and medium-sized manufacturers recover.

Small Business Funding Opportunities

The Senate's plan currently supports American small businesses in the following ways:

- A 50% refundable payroll tax credit on worker wages will further incentivize businesses, including ones with fewer than 500 employees, to retain workers
- Looser net operating loss-reduction rules that will allow businesses to offset more
- A delay in employer-side payroll taxes for Social Security until 2021 and 2022
- Sole proprietors and other self-employed workers could be eligible for the expanded unemployment-insurance benefits the bill provides
- A portion of the $425 billion in funds appropriated for the Federal Reserve's credit facilities will target small businesses

The Small Business Administration, under the stimulus package, will oversee the Paycheck Protection Program, which will distribute $350 billion to small businesses that can be partially forgiven if the companies meet certain requirements. The loans will be available to companies with 500 or fewer employees.

Businesses can receive loans up to $10 million, based on how much the company paid its employees between Jan. 1 and Feb. 29. The loans will carry an interest rate up to 4%. The bill provides for an expedited origination process.

If the business uses the loan funds for the approved purposes and maintains the average size of its full-time workforce based on when it received the loan, the principal of the loan will be forgiven.

** Since the original allotment of $350 billion was allocated, Congress passed a replenishment of funding totaling $320 billion specifically for the Paycheck Protection Program, that was signed into law on April 24, 2020 by President Trump.

Retailer Funding Opportunities

Hotels

The majority of U.S. hoteliers qualify as businesses with fewer than 500 employees, making less than $35 million in annual revenue, and therefore, qualify for the $350 billion in loans and grants for small businesses. Language was included in the bill that defines each individual hotel as its own business.

Retailers

Retailers won a correction that was already in the works to a drafting error in the 2017 Tax Cuts and Jobs Act that required them to expense property improvements over 39 years, instead of in the first year as was initially intended. Because of the mistake, retailers, along with restaurants and hotels that made such improvements over the last two years, overpaid their taxes by as much as $30 billion. The bill allows that money to flow back to these companies. This was far less than many national retailers lobbied for.

Restaurants

For restaurants, a range of operations are set to be eligible for small-business loans. Previous versions of the loan provision had capped the employee head count at 500, smaller than many franchised operations. Now, most franchisees should qualify for the program.

Small Businesses

The bill allows businesses and non-profits with up to 500 employees in a single location to apply through qualifying banks for loans backed by the Small Business Administration. The loans would convert to grants that don't have to be repaid for amounts spent on items such as payroll, rent or utilities, with the grants reduced when workers are laid off. The loans will be capped at $10 million and cover wages up to $100,000 a year.

Other Community Development Opportunities

Farmers

The bill directs more than $48 billion to agriculture and nutrition programs, with $9.5 billion specifically to support producers of specialty crops, livestock and dairy, as well as those farmers who supply farmers markets, restaurants and schools.

Music

The bill provides expanded unemployment and small-business loans to independent contractors and sole proprietors. Charitable organizations affiliated with the music business could receive grants from the new funding for the National Endowment of the Arts.

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CARES Act: Top Questions Answered

City Management & Funding

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Top Questions Answered: City Management & Funding

How do I recoup lost sales tax revenue due to Covid-19 related closures, cancelled events, and lack of tourism?

Unfortunately, there is not a direct provision in the CARES Act that reimburses municipalities or stimulates the economy to recoup this revenue. However, the following provisions exist that other entities in your community may be eligible for that would indirectly provide support and enhancement:

Department of Commerce

Economic Development Administration (EDA) – The bill provides $1.5 billion for economic adjustment assistance, which can be used to help rebuild impacted industries such as tourism or manufacturing supply chains, capitalize local funds to provide low-interest loans to businesses of all sizes, and support other locally-identified priorities for economic recovery.

Support for Manufacturing – $50 million is provided for the Manufacturing Extension Partnership to help small- and medium-sized manufacturers recover.

Department of Housing & Urban Development (HUD)

Community Development Block Grant (CDBG) is a flexible program that provides communities and states with $5 billion in funding to provide a wide range of resources to address COVID-19, such as services for senior citizens, the homeless, and public health services.

Department of Agriculture

$9.5 billion total allocation with partial funding allocated specifically for specialty crops, producers who supply local food systems and farmers markets, restaurants and schools, livestock producers, (e.g. cattlemen and women, and dairy farmers).

COVID-19

Top Questions Answered: City Management & Funding

How do I support small businesses in my community?

Today, you can support small businesses by connecting them with local banks that are certified lenders of the Paycheck Protection Program grants and loans through the Small Business Association and the CARES Act. Time is of the essence, and these resources can help your small businesses survive through the next 8 weeks. Tomorrow, your small businesses will need a resurgence of consumers and activity in your Downtown or town center.

Events, festivals, retail promotion events, farmers markets and art programs will reintroduce your residents back to these key areas of your community. Developing your roadmap now will pay dividends when the crisis is over.

I'm hearing that my small businesses are having trouble accessing the Paycheck Protection Program funds from our local lenders. What should I tell them?

The $349 billion allocated to this program in the CARES Act has all been claimed; however, Congress has replenished the fun with an additional $320 billion for PPP.

Businesses can apply for PPP funding through any existing Small Business Association (SBA) 7(a) lender or through any federally insured depository institution, federally insured credit union, and Farm Credit System institution that is participating. SBA offers a handy tool where small businesses can find eligible lenders near their geographic location.

However, most lenders are prioritizing current clients. If a small business can't get traction with their existing banker, encourage them to try reaching out to credit unions or more community-based banks that may be more incentivized to participate in this program.

COVID-19

Top Questions Answered: City Management & Funding

What do I do if a business closes?

First, you need to expect businesses to close. Retailers and restaurants run on a very thin margin and disruptions such as this will cause many to close. Following this crisis, the businesses and entrepreneurs who weathered the storm will have the ingredients for expansion: lower real estate values, lower cost of capital, and lower construction prices.

Second, when a business closes ideally you already understand the type of property that is now available, the prospective tenants who can occupy the space, and have inroads with expanding businesses that want to be in your market. If you have this knowledge base and relationships – leverage them.

If you do not have that information, the best thing you can do to reach out to the property owner or broker to identify how the City can assist.

The BOTTOM LINE

We understand that in times like these there are more questions than answers. Our team is still working hard and welcome to opportunity to provide answers to your questions. At the end of this crisis we know that communities' strategic priorities will include:

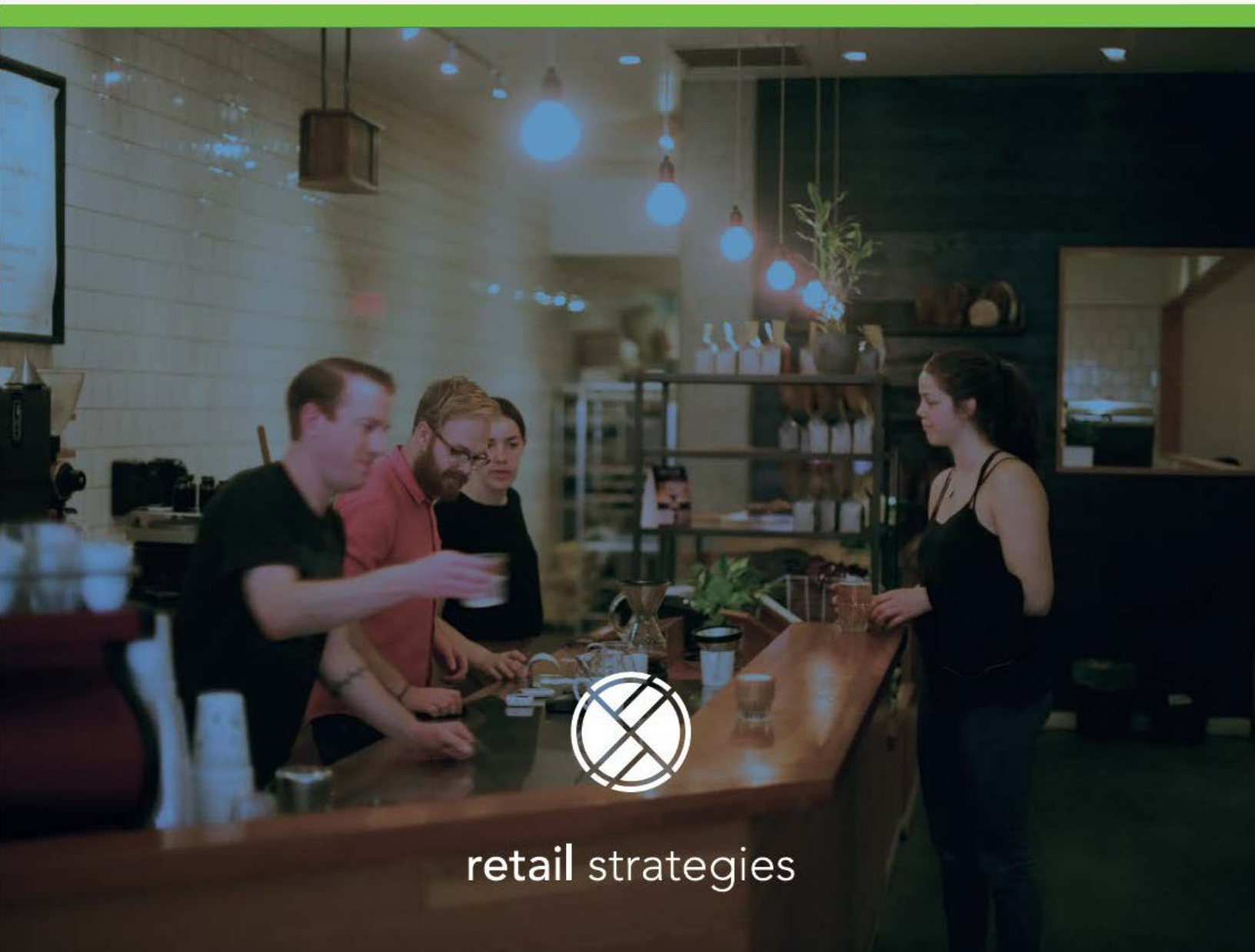
- Creating jobs
- Bolstering sales tax revenues
- Ramping up quality of life and sense of place
- Enhancing and supporting small business efforts

SMALL BUSINESS RESOURCE

Navigating the Future Amidst COVID-19

Strategies and Resources for Small Businesses

March 23, 2020



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LOCAL

Marketing Strategies

First and foremost, prioritize and take all health and safety precautions for yourself, your employees, and others in your community. Community health as a whole depends on working together, and small businesses are the lifeblood of the local economy.

Businesses that choose to remain open during these uncertain times must adapt to their clients and customers' fears and needs for social distancing by implementing these strategies:

If your business is open, tell people! Post your hours on social media, update your Google My Business profile, and send out an e-newsletter to your distribution list letting your customers know your plans.

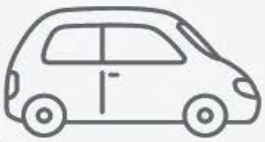
To Do:

Ramp up your online presence. There is undoubtedly less browsing occurring in the market today as many of the workforce are working from home or are home with children out of school, so meeting customers where they are, which is likely online and on social media, is critical to promoting your merchandise or services.

LOCAL

Marketing Strategies

Regularly sanitize hard surfaces in your store such as counters and doorknobs throughout the day and **share photos** of your staff doing so on social media. This not only protects your customers, but it gives them confidence and peace of mind.



Restaurants:

Promote carry-out and curbside delivery. Restaurants are seeing a large decline in the midst of social distancing, but many families need prepared food now more than ever. Promote your menu online and offer discounts for daily specials. Offer catering-sized portions of favorite dishes, such as soups and casseroles, and offer these for curb-side pick-up.

LOCAL

Getting Creative

— Post high-quality photos of your merchandise throughout the day on social media and **offer online ordering** via phone or social media and curb-side pick-up as an option.

— Take shoppers on a video **virtual tour** of your store to spark interest in your products.

— If you're a **bakery** owner, consider assembling cookie decorating kits available via curbside pick-up for children to create at home.

— **Local health and wellness store:** Assemble a wellness box containing products for increasing immunity and overall well-being.

— **Hardware store:** Many consumers are stuck at home for an uncertain amount of time. Assemble DIY project kits such as a home interior paint kit that offer a simple way for customers to get what they need easily and with minimal social interaction.

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Small Business Financial Resources

Funding Programs & Business Support

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Small Business Financial Resources

Main Street America conducted an online survey to assess the impact of COVID-19 on small businesses and help us better understand what kinds of support programs will have the most impact. The findings are sobering: Nearly 7.5 million small businesses may be at risk of closing permanently over the coming five months and approximately 35.7 million Americans employed by small businesses appear to be at risk of unemployment. These resources are available immediately to assist.

Small Business Administration Loan Programs

The Paycheck Protection Program is designed to provide a direct incentive for small businesses and nonprofits to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for eight weeks and the money is used for payroll, rent, mortgage interest, or utilities. Economic Injury Disaster Loans provide small businesses and nonprofits with working capital loans of up to $2 million for vital economic support. Be sure to check out the National Trust Community Investment Corporation's highlights of SBA resources that could help small businesses and nonprofits in this recap, as well as their summary of the Paycheck Protection Program.

Facebook is offering $100M in cash grants and ad credits through their Small Business Grants Program. Applications become available April 22. Learn more. They also set up a Business Resource Hub.

The Save Small Business Fund, a new grantmaking initiative from the U.S. Chamber of Commerce Foundation, is offering short-term relief for small employers in the United States and its territories. Funded by corporate and philanthropic partners, the Save Small Business Fund is a collective effort to provide $5,000 grants to as many small employers as they can.

Small Business Financial Resources

ioby has launched a new match grant opportunity: National COVID-19 Community Response and Recovery Match Fund. Wherever you are in the United States, when you crowdfund for a project that responds to COVID-19 in your community, they'll waive their fiscal sponsorship and platform fee, and double your donations dollar-for-dollar up to $8,000.

JPMorgan pledged $50 million global philanthropic commitment to support communities and people hit hardest by this public health crisis, including $2 million to existing nonprofit partners and $8 million to assist small businesses.

The James Beard Foundation is launching a fund that will be gathering support from corporate, foundation, and individual donors to provide micro-grants to independent food and beverage businesses in need.

MainVest, a crowdfunding platform, announced its new Main Street Initiative: a $2,000, zero-interest, 120 day loan for restaurants or other brick and mortars affected by the shutdown.

Opportunity Fund, which specializes in money lending to small businesses owned by women, immigrants and people of color, is collaborating with investors and nonprofits to put together a coronavirus relief fund that will provide grants and low-interest rate loans.

The Go Fund Me Relief Initiative is intended to support our local businesses facing financial loss. Make a difference today by donating or starting a fundraiser.

retail strategies

Ensure Your City is "Open for Business" Tomorrow

Economic Development, Rethinking Public Facilities & Talent Recruitment for Tomorrow

retailstrategies.com | [205] 314-0386 | info@retailstrategies.com
2200 Magnolia Ave South, Suite 100 Birmingham, AL

COVID-19

Ensure Your City is "Open for Business" Tomorrow

During this pandemic it is important to be intentional with your time allocation dedicating a portion to the immediate tasks of today and a portion to prepare for the future. Life will go back to a new type of normal and we all have the responsibility to do what is right for today and the opportunity to prepare for our future.

Even as cities focus on a full-out mobilization of required health and medical resources to cope with the first phase of the COVID-19 pandemic, it is important to be prepared safely and securely for the future, too.

In this resource, we'll identify steps your team can take now to prepare for getting back to business breaking it down between economic development, healthcare and city-wide initiatives.

Rethinking Public Facilities

Prepare City Hall and other city-owned offices where the public frequently visits by **adding painted lines** on floors and stanchions to **promote adequate social distancing** in waiting areas, as well as providing masks and hand sanitizer.

Think of assets in your community where **large groups gather** – stadiums, performing arts centers, schools – pandemic-proof these assets as much as possible. Work with operators of these facilities to talk about their plans for reopening, opening up discussions around limiting the size of future crowds, temperature checks upon entry, and signage to leave seats open in between guests.

Talent Recruitment

In the midst of a **nationwide work from home experiment**, this is certainly something that will likely be supported by more companies in the future. Take advantage of this movement by luring new residents to move to your community. The city of Tulsa, Oklahoma implemented the Tulsa Remote program offering remote workers $10,000 and free desk space to move to the city. Northwest Alabama and Topeka, Kansas have followed suit with similar programs.

COVID-19

Ensure Your City is "Open for Business" Tomorrow

Economic Development

Conduct market research on your own market, including downtown and other commercial corridors. Strong restaurant and retail companies are looking at this uncertain time as an opportunity to enter markets that they normally couldn't afford or to find ideal real estate in markets that were previously overpriced or occupied. Community leaders that are equipped with the right information, tools, and resources will be in a much better position once things get back to "normal".

Invest in downtown to make sure Main Street survives. Mom and pop businesses are the fabric that make your community truly unique. Capital investment in the restaurants, coffee shops, galleries, retail establishments, and bars are critical for survival, but so is promotional help from the city. Provide ongoing advice, marketing support, and guidance to businesses downtown to mitigate future loss of these businesses.

Focus on placemaking. Consumer behaviors will change coming out of this shelter-in-place period and people will desire common places to take their families and connect with others. Placemaking capitalizes on your community's assets, inspiration, and potential, with the intention of creating public spaces that promote people's health, happiness, and well-being. Identify areas in your community where you can invest resources to create these needed common places.

Economic development teams need to **assess the clusters of industry** that currently make up the area. Connect with local business leaders across different sectors to discuss ideas and create a plan to diversify industries to plan for future economic challenges and the hopeful reshoring of new industry.

retail strategies

Community to Community: Knowledge Sharing

Best Practices & Strategies from other Partner Communities

retailstrategies.com | [205] 314-0386 | info@retailstrategies.com
2200 Magnolia Ave South, Suite 100 Birmingham, AL

COVID-19

Community to Community: Knowledge Sharing

At Retail Strategies, we're fortunate to work hand-in-hand with city leaders from communities of all sizes across the country. As a partner of these communities, we've curated examples to promote knowledge sharing of what cities have put into place to market local restaurant and retail businesses, provide financial assistance, and encourage community collaboration.

We understand how important it is to support your local business community and hope you'll find these examples helpful as you continue to evolve your strategy.

Community Collaboration & Business Impact Surveys

Promoting collaboration within community businesses and getting a pulse for what small business owners are facing is another trend that we are hearing from client communities.

Tullahoma, Tennessee

The city joined a county-wide Community Collaboration initiative to promote a single website for citizens looking to support the local business community, people seeking employment, financial resources and more.

Phelps County, Nebraska

The Phelps County EDC created a program called the Magic Multiplier gift card program, encouraging citizens to support local businesses by purchasing gift cards, and matching the purchase dollar-for-dollar.

Fayetteville, North Carolina

Many communities are trying to get a handle on economic impact due to COVID-19. The Cool Spring Downtown District in Fayetteville put together a business impact survey for local business owners.

Community to Community: Knowledge Sharing

Financial Assistance

To assist the local business community, **Peachtree Corners, GA** has implemented a 60-day deferral period on all business license fees. The annual fees, normally due by March 31, are now due May 31. There will be no penalty fees assessed during this period. The city is also temporarily waiving the convenience fees charged for online and/or internet transactions and deferring payment of alcohol excise tax for 60 days. No penalty fees will be assessed during this period.

In **Buda, TX**, A Hotel Occupancy Tax Payment Emergency Deferral + Forgiveness Program was created to provide a 60-day deferral of tax payments requiring applying hotels to submit a written employee retention plan to receive the deferment.

In **Lincolnton, NC**, The Lincolnton Small Business Emergency Loan Program is providing assistance to locally-owned, non-franchise businesses located within the Lincolnton corporate limits. Eligible businesses may receive up to $5,000 per month for up to three months.

In **Newport, AR**, he Newport Micro-Business Bridge Loan is a joint project of the Newport Area Chamber of Commerce and the Newport Economic Development Commission. The Bridge Loan, a one-time loan of $1,500, is designed to help self-employed individuals, sole proprietors or sole member LLC or S Corporation that meet certain criteria including:

- Businesses required to close by the State including barbers, beauty shops, massage therapists, nail salons, etc
- Must operate within the county
- The Qualified Business Owner will be filing an unemployment claim with the State
- The Qualified Business has determined that the SBA PPP Act loan and the SBA EIDL loan are unavailable to them, or unfeasible for their situation, and that they will not be applying for these loans

Community to Community: Knowledge Sharing

Restaurant Guides & Promotion

Seabrook, TX

The city is running a shop local promotion where they will award gift card prizes to individuals that spend the most money at local restaurants until the end of the month. Contest participants scan and submit their receipts. Gift card prizes range from $500-$15.

Rosemount, MN

During a month-long restaurant promotion, the city encouraged residents to play Restaurant Takeout Bingo with restaurants that have remained open for to-go orders and delivery.

retail strategies

[place city logo here]

Let's Eat!

A Guide to Dining in Place

America's restaurants are in crisis.

The coronavirus poses a significant threat to the future of an industry that employs more than **15 million Americans**. That's why we're asking everyone in America to support restaurants and their employees.

It's more important than ever to order delivery and curbside pickup meals. **Help save America's restaurant industry by ordering takeout!**

The Great American Takeout

General Information & Tips:

- *This list is not exhaustive.*
- Things are still changing, sometimes by the hour, please understand that this information is correct to the best of our knowledge. We'll update as we can.
- For some places, takeout is new. Please be patient with the restaurants who've had to lay off their employees and figure out this new normal on their own.
- Picking it up yourself will leave more money in the restaurant's pockets.
- **Tip**. Tip large. Many of these places are pooling tips to distribute among their laid off service staffs.

Don't see your restaurant listed?

Email [insert city contract email here] with the following information:

- **Restaurant Name**
- **Phone number**
- **Address**
- **Website Link**
- **Delivery Options:** *takeout, delivery app name, curbside pickup only, etc.*
- **Gift Cards Available?** Yes or No

Common Delivery Apps: Grubhub, Doordash, UberEats, Postmates, Instacart, Delivery.com, goPuff, ChowNow.

*These may not be available in all areas.

Retail Strategies has created a Dining in Place template that you can use and customize, detailed on the next 3 pages, that is included on your flash drive.

retail strategies

[place city logo here]

Let's Eat!

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*These may not be available in all areas.

retail strategies

Mellow Mushroom Pizza

(205) 212-9420

1200 20th St S #100, Birmingham, AL 35205

www.mellowmushroom.com

Delivery Options: Uber Eats, curbside pickup

Gift Cards Available? Yes

EXAMPLE

The Woolworth

(205) 518-6311

1006 20th St S, Birmingham, AL 35205

https://woolworthbham.com/

Delivery Options: curbside pickup only

Gift Cards Available? Yes

EXAMPLE

Restaurant Name

Phone Number

Address

Website Link

Delivery Options: takeout, delivery app, curbside pickup

Gift Cards Available? Yes or No

Restaurant Name

Phone Number

Address

Website Link

Delivery Options: takeout, delivery app, curbside pickup

Gift Cards Available? Yes or No

Restaurant Name

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Delivery Options: takeout, delivery app, curbside pickup

Gift Cards Available? Yes or No

YORK J.PRESS STREET
NO PARKING
J.PRESS
YORK STREET
304
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APPENDIX

Code of Virginia
Title 58.1. Taxation
Subtitle III. Local Taxes
Chapter 32. Real Property Tax
Article 4.1. Tax Increment Financing

§ 58.1-3245.2. Tax increment financing

A. The governing body of any county, city or town may adopt tax increment financing by passing an ordinance designating a development project area and providing that real estate taxes in the development project area shall be assessed, collected and allocated in the following manner for so long as any obligations or development project cost commitments secured by the Tax Increment Financing Fund, hereinafter authorized, are outstanding and unpaid.

1.The local assessing officer shall record in the land book both the base assessed value and the current assessed value of the real estate in the development project area.

2.Real estate taxes attributable to the lower of the current assessed value or base assessed value of real estate located in a development project area shall be allocated by the treasurer or director of finance pursuant to the provisions of this chapter.

3.Real estate taxes attributable to the increased value between the current assessed value of any parcel of real estate and the base assessed value of such real estate shall be allocated by the treasurer or director of finance and paid into a special fund entitled the "Tax Increment Financing Fund" to pay the principal and interest on obligations issued or development project cost commitments entered into to finance the development project costs.

B. The governing body shall hold a public hearing on the need for tax increment financing in the county, city or town prior to adopting a tax increment financing ordinance. Notice of the public hearing shall be published once each week for three consecutive weeks immediately preceding the public hearing in each newspaper of general circulation in such county, city or town. The notice shall include the time, place and purpose of the public hearing, define tax increment financing, indicate the proposed boundaries of the development project area, and propose obligations to be issued to finance the development project area costs.

1988, c. 776; 1990, c. 296; 1994, c. 667.

The chapters of the acts of assembly referenced in the historical citation at the end of this section(s) may not constitute a comprehensive list of such chapters and may exclude chapters whose provisions have expired.

9-5 VACANT COMMERCIAL BUILDINGS.

9-5.1 Purpose.

Vacant commercial buildings are a major cause and source of blight, especially when the owner fails to actively maintain and manage the building. Vacant buildings, whether boarded, substandard, unkempt or long-term vacant discourage economic development, hinder the appreciation of property values and have a detrimental impact on the economic viability of commercial areas. Vacant commercial buildings are an attractive nuisance to children, a harborage for rodents, an increased fire hazard and invite criminal activity, such as squatting, vandalism and dumping. These activities and the eyesore of boarded, substandard and unkempt vacant buildings deter would-be customers from the area and negatively impact surrounding neighborhoods.

One (1) vacant commercial building that is not actively and well maintained and managed can be the core and cause of spreading blight. A long-term vacant building, even in the absence of code violations, is detrimental to the health, safety and welfare of the community and contrary to the intended property use. Vacant commercial buildings require more frequent monitoring by code enforcement, police and Building Department staff. This is a disproportionate use of resources that diverts staff time and resources away from addressing other issues in the community and results in a greater cost to the City. These costs should be borne by the property owner and not the community at large.

The purpose of the vacant commercial building registration and monitoring program is to discourage property owners from allowing buildings to remain vacant, ensure they are properly secured and maintained, help prevent the buildings from becoming a burden to the residents and taxpayers of the City and provide the basis for returning the properties to their intended use.

The provisions of this section are to be supplementary and complementary to all the provisions of the City Code, State and Federal law, and any other statutes or regulations, and nothing in this section shall be read, interpreted or construed in any manner so as to limit any existing right or power of the City to abate or prosecute any and all violations and nuisances. (Ord. #230-2019, S2)

9-5.2 Definitions.

As used in this section, the following definitions shall be used:

BUILDING means any physical edifice that is built or installed and is located on and affixed to the land and used for or intended for supporting or sheltering any commercial use or occupancy. The terms “building” and “structure” shall be synonymous and shall include any portion thereof. The term “building” does not include residential buildings or structures.

DEPARTMENT means the Police Department of the City of Clearlake.

ENFORCEMENT OFFICIAL means the City Manager, the Building Official, the Chief of Police and/or their designees authorized to enforce this section.

EVIDENCE OF VACANCY means any condition that on its own or combined with other conditions present would lead a reasonable person to believe that the property is vacant. Such conditions may include, but are not limited to, overgrown and/or dead vegetation, utilities turned off, statements by neighbors, passers-by, delivery agents or other officials, lack of response to notices, returned or forwarded mail, unsecured doors, absence of, or condition of, personal belongings on the property, habitation by trespassers, lack of marketing for purposes of selling or renting property, etc.

PROPERTY OWNER means the owner or owners of record of real property as shown on the latest equalized assessment roll of Lake County and any person, partnership, co-partnership, association, corporation, beneficiary in a deed of trust, fiduciary, including a trustee or substitute trustee, or any other legal entity having a legal or equitable interest in the subject property as otherwise known to the Enforcement Official by virtue of more recent and reliable information, including any beneficiary that is pursuing foreclosure of a property subject to this section secured by a mortgage, deed of trust or similar instrument or a property that has been acquired by the beneficial interest at a trustee's sale. The terms "owner" and "property owner" shall be synonymous, except where specified.

VACANT BUILDING means a building that shows evidence of vacancy, including where substantially all lawful business or construction activity or occupancy has ceased, or which is substantially devoid of contents. Property shall be considered vacant if business operations are conducted daily on less than ten (10%) percent of the overall square footage of the building. (Ord. #230-2019, S2)

9-5.3 Registration Required and Fee.

a.The owner of a vacant building shall register the building with the Department, on a form furnished by the Department, within ten (10) days after either of the following occur:

1. The building has been vacant for thirty (30) consecutive days; or
2. A notice of default has been recorded.

The owner shall pay an annual registration fee which shall be due when the owner submits the registration form. Annual renewal registrations shall be due on July 1st in the year following the initial registration. The annual registration fee shall be paid on or before the annual renewal date or building and the property owner shall submit a registration renewal form with the fee.

b. The following information shall be provided with the initial registration form:

1.Street address of the vacant building and parcel number of the real property as designated by the Lake County Assessor.

2.Name, mailing address, and telephone number of the property owner and when applicable, the agent of the owner; the executor of the estate and its trustees, grantors, and beneficiaries; the partners with a financial interest exceeding ten (10%) percent of the assessed value of the building; the principals of an unincorporated

association; and the agent for service of process on file with the California Secretary of State for a firm, corporation, limited liability company, or limited partnership.

3. A description of the methods by which the owner has secured the property against unauthorized entry.

4.A completed "statement of intent" form provided by the Department setting forth the expected period of vacancy and plans for the property, including plans to rehabilitate, maintain, sell or demolish the property.

5.Written report in format acceptable to the Department of an interior and exterior inspection of the premises by a Department approved local individual or firm attesting to the conditions of the property, including exterior blight, interior occupancy, utility service, and secured openings, and a written plan detailing the means, methods, and times for periodic inspections and the local individual or firm who shall be responsible for assuring compliance with the provisions of this section. The Department may require completion of a form created by the Department to collect information regarding the inspection in a standardized format.

6.The name, address and twenty-four (24) hour contact information for a person or firm who shall be responsible for conducting periodic inspections of the premises, maintaining the exterior free of blight and compliance with all provisions of this Code, securing the building against unauthorized entry and responding immediately to contact from emergency responders and the public. This information shall be updated within forty-eight (48) hours of any material change in contact information.

7. A certificate of liability insurance pursuant to the requirements of subsection 9-5.5.

8.Other information that the City may determine is necessary for the enforcement of the provisions of this section.

c.A property owner of a building subject to registration shall immediately notify the Department, in writing, of any material change in the status or condition of a vacant building or of information contained in the registration form. When the property is legally occupied, the property owner shall furnish the Enforcement Official an executed lease, deed or other proof of legal occupancy.

d.Whenever an enforcement official has reason to believe that a building is vacant and has not been registered as required, the official shall serve the owner of record or authorized agent with a written notice directing the owner to register the building pursuant to this subsection. A property owner shall within fourteen (14) days of service of the notice register the building or file an appeal with the Department. The written notice shall be served in the same manner set forth in subsection 1-9.5.

1.An appeal of a determination to register a property shall be handled in the same manner as an administrative hearing pursuant to Section 1-9.

2.All notices related to the placement of the property in the program and the fee and any additional report submitted by the Enforcement Official shall constitute prima facie evidence of the respective facts contained in those documents. At the hearing, the party contesting the placement of the building into the program shall be given the opportunity to testify and to present evidence concerning the penalty.

3. In addition to other criminal and civil remedies available to the City, a property owner who fails to register the property in accordance with subsection (d) of this section shall be subject to an administrative penalty of five hundred ($500.00) dollars for the first violation. They shall be subject to an additional fine of one thousand ($1,000.00) dollars every thirty (30) days the property remains subject to registration but has not been registered.

e.A property owner of a building that became vacant prior to the effective date of the ordinance codified in this section shall register the building within fourteen (14) days of the effective date of the ordinance codified in this section.

f.The fee for initial registration shall be one hundred ($100.00) dollars plus twelve dollars and fifty cents ($12.50) per month or portion of a month until July 1st. The fee for the first annual renewal and for each year thereafter shall be two hundred and fifty ($250.00) dollars.

g.A property owner of a building subject to registration shall provide access to the City to conduct inspections of the property, both interior and exterior, as deemed necessary by the City, following reasonable notice, to determine compliance with this section and any other relevant codes, ordinances of the City or State law. (Ord. #230-2019, S2)

9-5.4 Signage Required.

When a vacant building becomes subject to registration, the property owner shall post and maintain a sign that provides the current name and phone number of the owner or agent responsible for the inspection and maintenance of the property. If a notice of default or foreclosure has been recorded for the property, the lender's name, address and telephone number must also be provided.

Signage shall be no smaller than eight and one-half (8 ½") by eleven (11") inches, constructed of and printed with, or contained in, weather-resistant materials. The posting shall be placed in a window adjacent to the entry door or attached to the exterior door. The Department may adopt additional regulations necessary to implement this subsection. (Ord. #230-2019, S2)

9-5.5 Liability Insurance Required.

The property owner shall maintain liability insurance on vacant buildings subject to registration. A certificate of insurance for each vacant property shall be provided to the City with the initial vacant building registration form, with subsequent renewal applications whenever an insurance policy has expired or when there is a change of insurance carrier. All insurance policies for vacant property shall require notice to the City in the event of cancellation of insurance or a reduction in coverage. The minimum coverage amount shall be one million ($1,000,000.00) dollars of general liability coverage. The City Manager may adjust or waive the coverage amount if less insurance coverage in an amount less than the minimum coverage amount is sufficient to protect the public health, safety, and welfare. (Ord. #230-2019, S2)

9-5.6 Security from Trespassers.

Any vacant building subject to registration shall be made secure from trespassers in the following manner:

a. All doors and windows of the building shall be in good, working condition and locked.

b.All broken doors and windows shall be replaced or shall be covered in a manner acceptable to the Enforcement Official.

c.The Enforcement Official, in their discretion, may require securing the property with steel panels, or having all windows and doors installed and a working theft-prevention system with an active account with a third-party security company, or any other reasonable measures to prevent trespassers.

d.The Enforcement Official, in his or her discretion, may require the building to have lighting at entrances and exits from dusk until dawn. All entrance/exit lighting must be installed with automatic timers in accordance with any applicable City codes. (Ord. #230-2019, S2)

9-5.7 Maintenance and Inspections Required.

a.The property owner of vacant building subject to registration shall perform monthly inspections of the building and property to ensure compliance with this section and this Code. Such inspections shall continue until the subject property is no longer subject to the registration requirement and becomes legally occupied.

b.The property owner shall submit evidence of the required inspections to the Department within ten (10) days of the inspection date. The required evidence shall include photographs of the property along with a completed inspection form, provided by the Department.

1.The property owner may petition the Department for more infrequent submission of evidence of inspections. Their petition may be granted when, in the discretion of the Enforcement Official based on a review of the petition and Department records, the property is being actively maintained and monitored, as defined in subsection 9-5.8, and has been so for the prior three (3) months.

2.The failure to submit an evidence of inspection shall be a separate offense for each day past the due date the evidence of inspection has not been submitted.

c.The property owner may contract with a third party to perform the duties under this subsection, however, the property owner remains strictly liable for the performance of the duties imposed by this section and any violations thereof. (Ord. #230-2019, S2)

9-5.8 Vacant Buildings Prohibited.

a. No person shall permit or allow a commercial building to remain vacant for more than thirty (30) days, unless the owner establishes by substantial evidence to the reasonable satisfaction of the Enforcement Official that one (1) of the following applies and the property is registered pursuant to this section:

1.The building is the subject of an active building permit for repair or rehabilitation and the owner is progressing diligently to complete the repair or rehabilitation. The building permit must have been issued within one (1) year, unless the Enforcement Official determines the owner needs additional time to complete the repair or rehabilitation.

2.The building and the property on which the building is located complies with this Code, does not contribute to blight, is ready for occupancy and either of the following apply:

(a) The building is actively being offered for sale, lease or rent; or

(b)The building is actively being maintained and monitored by the owner or the owner's authorized representative and is being maintained in compliance with this Code and State law. Active maintenance and monitoring shall include, without limitation, all the following:

(1) Maintenance of landscaping and plant material in good condition; and

(2)Maintenance of the exterior of the building, including but not limited to paint and finishes, in good condition; and

(3) Prompt and regular removal of all exterior trash, debris and graffiti; and

(4)Maintenance of the building in continuing compliance with all applicable codes and regulations; and

(5)Prevention of criminal activity on the premises, including but not limited to use and sale of controlled substances, prostitution, criminal street gang activity, vandalism, loitering or trespassing. (Ord. #230–2019, S2)

9-5.9 Monitoring Fee for Vacant Nuisance Properties.

Any vacant building subject to registration under this section that has conditions present at the building, or on the property on which the building is located, that constitute a public nuisance under this Code shall be subject to a monthly monitoring fee and per incident enforcement response fee, to recover the City's regulatory costs to monitor and respond to the building or property.

a. *Monitoring Fee.* A monitoring fee shall be imposed upon the initial determination that the vacant building constitutes a "continuing public nuisance" under the Code. A property is a "continuing public nuisance" if three (3) administrative citations have been issued for a public nuisance condition on the property under subsection 10–1.6 within a twelve (12) month period of time, and the owner has not abated all conditions constituting a public

nuisance at the time of determination. The fee shall thereafter be imposed monthly following imposition of the initial monitoring fee. The fee shall be imposed so long as a public nuisance as defined in this Code exists at the building or premises. The fee shall be applicable even in the absence of any action, administrative or otherwise, by the City pursuant to any other provision of this Code. The monitoring fee shall be two hundred ($200.00) dollars per month.

b. *Response Fee.* A response fee shall be imposed when the Enforcement Official responds to a vacant building subject to registration, determines a code violation exists and issues an administrative citation. The response fee may only be assessed once per day, per property. If the administrative citation is dismissed on appeal, the response fee shall also be dismissed. The response fee shall initially be set at fifty ($50.00) dollars.

A fee imposed pursuant to this subsection may be appealed and collected in the same manner as an administrative violation through the administrative citation process set forth in Section 1-9. (Ord. #230-2019, S2)

9-5.10 Boarding Permit.

a.No person shall erect, install, place or maintain boards over the doors, windows or other openings of any commercial building or otherwise secure such openings by a means other than the conventional method used in the original construction and design of the building or structure without first applying for and, within ten (10) days of application, completing all steps necessary to the issuance of a boarding permit and thereafter having a valid and current boarding permit.

b.The Enforcement Official shall issue a boarding permit required by subsection (a) of this section upon the submission of a written application by the owner of the property or his/her authorized representative or contractor, upon the payment of the required fee and confirmation through inspection by the Enforcement Official that the boarding or other method of securing the building or structure has been done in compliance with subsection 9-5.11.

c.A boarding permit issued pursuant to this subsection shall authorize the boarding or other securing of a commercial or residential building or structure for a period no greater than thirty (30) days unless all the following requirements are met:

1. The boarding has been done in full compliance with this subsection; and

2.The owner or his or her authorized representative has submitted an extension request in writing within ten (10) days of the expiration of the original permit with the required fee; and

3. The owner has complied with all prior orders and notices regarding the property; and

4.The owner simultaneously submits a detailed plan and timeline for correction, repair or rehabilitation of the property or a detailed plan for the sale of the property to another person, with a provision in the sale for the correction, repair or rehabilitation of the property.

d.A boarding permit for a building or structure may not be extended beyond a six (6) month period nor may a new application for the same property be accepted by the Enforcement Official within one (1) year of the date of

expiration of the prior permit, except upon the submission of a written application by the owner of the property or his/her authorized representative or contractor, upon the payment of the required fee, upon the confirmation through inspection by the Enforcement Official that the boarding or other method of securing the building or structure has been done in compliance with this section and upon demonstration that "good cause" for the renewal exists.

1."Good cause" shall require a factual showing by the owner that the permit renewal is made necessary by conditions or events beyond the owner's control, such as inability to obtain financing for repair or rehabilitation, inability to locate a suitable buyer, unanticipated delays in construction or rehabilitation, or unanticipated damage to the property; and

2.In addition, where appropriate, "good cause" shall also require a factual showing by the owner that he/ she has exercised reasonable and due diligence in attempting to complete the needed repairs, rehabilitations or corrections or in attempting to sell, rent or lease the property. If the Enforcement Official determines that there exists good cause to renew the permit and that all other conditions are met, the permit may be renewed by the Enforcement Official for a period of up to, but not more than, an additional three (3) months, subject to all the same conditions imposed on the original permit.

e. The fees for a boarding permit, including the renewal or extension thereof, shall initially be set at one hundred fifty ($150.00) dollars. The fee includes one (1) inspection by an Enforcement Official. Additional inspections to correct deficiencies identified at the initial inspection shall incur a reinspection fee. (Ord. #230-2019, S2)

9-5.11 Standards for Boarding and Securing Building.

a.The boarding of the doors, windows or other openings of any building or structure or any means of securing such openings, other than by the conventional method used in the original construction and design of the building or structure, shall comply with the following minimum standards at all times:

1. *Securing by Boarding.*

(a)Windows. Windows and similar openings shall be boarded with exterior grade plywood of a minimum thickness of three-fourths (3/4") inch or its equivalent. Vent holes may be required, as deemed necessary by the Enforcement Official. The plywood shall be secured in place by two (2") by four (4") inch or four (4") by four (4") inch cross members, secured to the plywood by three-eighths (3/8") inch plated carriage bolts with large washers at each end and with the cross member turned so that the carriage bolt goes through the larger dimension. Bolts used to secure the cross member shall be threaded to the correct length. A minimum of two (2) cross members shall be used on each window and, depending on the size of the opening, additional cross members may be required. Each cross member shall be a continuous piece of lumber, and each must extend at least one (1) foot past the window opening in each direction. Bolts and nuts used to secure the cross members to the plywood must be tightened enough to slightly deflect the wood. Bolt heads must fit tightly against the wood and not give a purchase for pliers or pry bars.

(b)Exterior Doors. Exterior doors shall be boarded with exterior grade plywood of a minimum thickness of three-fourths (3/4") inch or its equivalent fitted to the entry door jamb with maximum one-eighth (1/8")

inch clearance each edge. The existing door should be removed and stored inside the building. The plywood shall be attached to three (3) horizontal two (2") by four (4") inch wooden crossbars with two (2) each three-eighths (3/8") inch carriage bolts and matching hardware. The plywood shall be attached to the door entry with three (3) case-hardened strap hinges of the type specified by the Enforcement Official and the plywood shall be secured by a case-hardened steel hasp and minimum two (2") inch case-hardened padlock also of the type specified by the Enforcement Official.

(c) *Painting of Boarded Openings.* All boarded openings shall be painted with a minimum of one (1) coat of exterior paint which is of a dark gray or similar earthy color or a color compatible with the exterior color of the building or structure.

2. *Alternative Methods of Securing a Building.* Upon application for a boarding permit, the Enforcement Official may approve alternative methods of securing a vacant and unoccupied building or structure. In making the determination to approve any alternative method, the Enforcement Official shall consider the aesthetic and other impacts of such method on the immediate neighborhood and the extent to which such method provides adequate and long-term security against the unauthorized entry to the property.

b.Additional Requirements. In connection with the boarding of the doors, windows or other openings of any building or structure or any means of securing such openings the owner shall also comply with all of the following requirements:

1.All utility service to the building or structure shall be terminated by removal of the meters and termination of electric power at the pole. Compliance with this subsection may be waived in writing by the Enforcement Official as to the electric utility service, if electricity is needed to power exterior security lighting, an alarm system or equipment to be used in connection with rehabilitation of the building or structure for which there is an active and current building permit, and as to any other utility service where in the discretion of the Enforcement Official it is appropriate for the service to remain; and

2.The sewer shall be capped in a manner approved by the Enforcement Official to prevent the accumulation of methane gas in the building or structure; and

3.The interior of the building or structure shall be cleaned of all trash, junk, garbage, debris, and solid wastes, and personal possessions shall be removed from the interior of the building, to eliminate any fire or health hazard and prevent hindrance to firefighting equipment, law enforcement or other personnel who may enter the building during the period of vacancy. (Ord. #230-2019, S2)

9-5.12 Abatement Procedures.

Notwithstanding the provisions of this section, the City shall retain the right afforded under relevant State or local law to declare a noncompliant vacant structure unsafe and/or a public nuisance. The City may pursue whatever legal recourse afforded to it by law, including, but not limited to, action to abate a public nuisance or an action seeking the demolition of a dangerous and unsafe building. (Ord. #230-2019, S2)

9-5.13 Enforcement and Remedies for Violation.

a.Every owner of real property within the City is required to maintain such property in a manner so as not to violate the provisions of this section or this Code and such owner remains liable for violations thereof regardless of any contract or agreement with any third party regarding such property. This section imposes strict liability upon the owners of real property for all violations of this code that exist on their real property; regardless of a violator's intent or knowledge.

b.A vacant building subject to registration and not maintained in accordance with the provisions of this section is hereby declared to be a public nuisance, subject to abatement, including, without limitation, by rehabilitation, demolition or repair. The procedures for abatement shall not be exclusive and shall not in any manner limit or restrict the City from abating public nuisances in any other manner authorized by law.

c.The remedies, procedures and penalties provided by this chapter are cumulative to each other and to any others available under this Code or State law. The imposition of a fee or fine under this section shall not preclude the Enforcement Official from seeking all other remedial penalties available under this Code.

d.The City's failure to provide notices within any time specified does not constitute waiver by the City of the provisions of this chapter. (Ord. #230-2019, S2)

9-5.14 Fees.

The fees set forth in this section are initial amounts and are subject to revision by (1) resolution of the City Council or (2) inclusion in the City's master fee schedule. The fines set forth are subject to revision by resolution of the City Council. (Ord. #230-2019, S2)

The Clearlake Municipal Code is current through Ordinance #255-2021, passed June 17, 2021.

Disclaimer: The City Clerk's Office has the official version of the Clearlake Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

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City Website: www.clearlake.ca.us
Code Publishing Company

Coronavirus State and Local Fiscal Recovery Funds

Frequently Asked Questions

AS OF JULY 19, 2021

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from stakeholders. Recipients and stakeholders should consult the Interim Final Rule for additional information.

- For overall information about the program, including information on requesting funding, please see https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments
- For general questions about CSFRF / CLFRF, please email SLFRP@treasury.gov
- Treasury is seeking comment on all aspects of the Interim Final Rule. Stakeholders are encouraged to submit comments electronically through the Federal eRulemaking Portal (https://www.regulations.gov/document/TREAS-DO-2021-0008-0002) on or before July 16, 2021. Please be advised that comments received will be part of the public record and subject to public disclosure. Do not disclose any information in your comment or supporting materials that you consider confidential or inappropriate for public disclosure.

Questions added 5/27/21: 1.5, 1.6, 2.13, 2.14, 2.15, 3.9, 4.5, 4.6, 10.3, 10.4 (noted with "[5/27]")

Questions added 6/8/21: 2.16, 3.10, 3.11, 3.12, 4.7, 6.7, 8.2, 9.4, 9.5, 10.5 (noted with "[6/8]")

Questions added 6/17/21: 6.8, 6.9, 6.10, 6.11 (noted with "[6/17]")

Questions added 6/23/21: 1.7, 2.17, 2.18, 2.19, 2.20, 3.1 (appendix), 3.13, 4.8, 6.12 (noted with "[6/23]")

Question added 6/24/21: 2.21 (noted with "[6/24]")

Questions added 7/14/21: 1.8, 3.14, 3.15, 4.9, 4.10, 4.11, 4.12, 6.13, 6.14, 6.15, 6.16, 6.17, 10.3 updated (noted with "[7/14]")

Answers to frequently asked questions on distribution of funds to non-entitlement units of local government (NEUs) can be found in this FAQ supplement, which is regularly updated.

1. Eligibility and Allocations

1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

2. Which governments receive funds directly from Treasury?

Treasury will distribute funds directly to each eligible state, territory, metropolitan city, county, or Tribal government. Smaller local governments that are classified as non- entitlement units will receive funds through their applicable state government.

3. Are special-purpose units of government eligible to receive funds?

Special-purpose units of local government will not receive funding allocations; however, a state, territory, local, or Tribal government may transfer funds to a special-purpose unit of government. Special-purpose districts perform specific functions in the community, such as fire, water, sewer or mosquito abatement districts.

4. How are funds being allocated to Tribal governments, and how will Tribal governments find out their allocation amounts?[1]

$20 billion of Fiscal Recovery Funds was reserved for Tribal governments. The American Rescue Plan Act specifies that $1 billion will be allocated evenly to all eligible Tribal governments. The remaining $19 billion will be distributed using an allocation methodology based on enrollment and employment.

There will be two payments to Tribal governments. Each Tribal government's first payment will include (i) an amount in respect of the $1 billion allocation that is to be divided equally among eligible Tribal governments and (ii) each Tribal government's pro rata share of the Enrollment Allocation. Tribal governments will be notified of their allocation amount and delivery of payment 4-5 days after completing request for funds in the Treasury Submission Portal. The deadline to make the initial request for funds is June 21, 2021.

The second payment will include a Tribal government's pro rata share of the Employment Allocation. There is a $1,000,000 minimum employment allocation for Tribal governments. In late-June, Tribal governments will receive an email notification to re-enter the Treasury Submission Portal to confirm or amend their 2019 employment numbers that were submitted to the Department of the Treasury for the CARES Act's Coronavirus Relief Fund. To receive an Employment Allocation, including the minimum employment allocation, Tribal governments must confirm employment numbers by July

[1] The answer to this question was updated on July 19, 2021.

23, 2021. Treasury will calculate employment allocations for those Tribal governments that confirmed or submitted amended employment numbers by the deadline. In August, Treasury will communicate to Tribal governments the amount of their portion of the Employment Allocation and the anticipated date for the second payment.

5. My county is a unit of general local government with population under 50,000. Will my county receive funds directly from Treasury? [5/27]

Yes. All counties that are units of general local government will receive funds directly from Treasury and should apply via the online portal. The list of county allocations is available here.

6. My local government expected to be classified as a non-entitlement unit. Instead, it was classified as a metropolitan city. Why? [5/27]

The American Rescue Plan Act defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program.

Unofficial allocation estimates produced by other organizations may have classified certain local governments as non-entitlement units of local government. However, based on the statutory definitions, some of these local governments should have been classified as metropolitan cities.

7. In order to receive and use Fiscal Recovery Funds, must a recipient government maintain a declaration of emergency relating to COVID-19? [6/23]

No. Neither the statute establishing the CSFRF/CLFRF nor the Interim Final Rule requires recipients to maintain a local declaration of emergency relating to COVID-19.

8. Can non-profit or private organizations receive funds? If so, how? [7/14]

Yes. Under section 602(c)(3) of the Social Security Act, a State, territory, or Tribal government may transfer funds to a "private nonprofit organization . . . , a Tribal organization . . . , a public benefit corporation involved in the transportation of passengers or cargo, or a special-purpose unit of State or local government." Similarly, section 603(c)(3) authorizes a local government to transfer funds to the same entities (other than Tribal organizations). The Interim Final Rule clarifies that the lists of transferees in sections 602(c)(3) and 603(c)(3) are not exclusive, and recipients may transfer funds to constituent units of government or private entities beyond those

specified in the statute. A transferee receiving a transfer from a recipient under sections 602(c)(3) and 603(c)(3) will be considered to be a subrecipient and will be expected to comply with all subrecipient reporting requirements.

The ARPA does not authorize Treasury to provide CSFRF/CLFRF funds directly to non-profit or private organizations. Thus, non-profit or private organizations should seek funds from CSFRF/CLFRF recipient(s) in their jurisdiction (e.g., a State, local, territorial, or Tribal government).

2. Eligible Uses – Responding to the Public Health Emergency / Negative Economic Impacts

1. What types of COVID-19 response, mitigation, and prevention activities are eligible?

A broad range of services are needed to contain COVID-19 and are eligible uses, including vaccination programs; medical care; testing; contact tracing; support for isolation or quarantine; supports for vulnerable populations to access medical or public health services; public health surveillance (e.g., monitoring case trends, genomic sequencing for variants); enforcement of public health orders; public communication efforts; enhancement to health care capacity, including through alternative care facilities; purchases of personal protective equipment; support for prevention, mitigation, or other services in congregate living facilities (e.g., nursing homes, incarceration settings, homeless shelters, group living facilities) and other key settings like schools; ventilation improvements in congregate settings, health care settings, or other key locations; enhancement of public health data systems; and other public health responses. Capital investments in public facilities to meet pandemic operational needs are also eligible, such as physical plant improvements to public hospitals and health clinics or adaptations to public buildings to implement COVID-19 mitigation tactics.

2. If a use of funds was allowable under the Coronavirus Relief Fund (CRF) to respond to the public health emergency, may recipients presume it is also allowable under CSFRF/CLFRF?

Generally, funding uses eligible under CRF as a response to the direct public health impacts of COVID-19 will continue to be eligible under CSFRF/CLFRF, with the following two exceptions: (1) the standard for eligibility of public health and safety payrolls has been updated; and (2) expenses related to the issuance of tax-anticipation notes are not an eligible funding use.

3. If a use of funds is not explicitly permitted in the Interim Final Rule as a response to the public health emergency and its negative economic impacts, does that mean it is prohibited?

The Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. The Interim Final Rule also provides flexibility for recipients to use Fiscal Recovery Funds for programs or services that are not identified on these non-exclusive lists but which meet the objectives of section 602(c)(1)(A) or 603(c)(1)(A) by responding to the COVID-19 public health emergency with respect to COVID-19 or its negative economic impacts.

4. May recipients use funds to respond to the public health emergency and its negative economic impacts by replenishing state unemployment funds?

Consistent with the approach taken in the CRF, recipients may make deposits into the state account of the Unemployment Trust Fund up to the level needed to restore the pre- pandemic balances of such account as of January 27, 2020, or to pay back advances received for the payment of benefits between January 27, 2020 and the date when the Interim Final Rule is published in the Federal Register.

5. What types of services are eligible as responses to the negative economic impacts of the pandemic?

Eligible uses in this category include assistance to households; small businesses and non-profits; and aid to impacted industries.

Assistance to households includes, but is not limited to: food assistance; rent, mortgage, or utility assistance; counseling and legal aid to prevent eviction or homelessness; cash assistance; emergency assistance for burials, home repairs, weatherization, or other needs; internet access or digital literacy assistance; or job training to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

Assistance to small business and non-profits includes, but is not limited to:

- loans or grants to mitigate financial hardship such as declines in revenues or impacts of periods of business closure, for example by supporting payroll and benefits costs, costs to retain employees, mortgage, rent, or utilities costs, and other operating costs;
- Loans, grants, or in-kind assistance to implement COVID-19 prevention or mitigation tactics, such as physical plant changes to enable social distancing, enhanced cleaning efforts, barriers or partitions, or COVID-19 vaccination, testing, or contact tracing programs; and
- Technical assistance, counseling, or other services to assist with business planning needs

6. May recipients use funds to respond to the public health emergency and its negative economic impacts by providing direct cash transfers to households?

Yes, provided the recipient considers whether, and the extent to which, the household has experienced a negative economic impact from the pandemic. Additionally, cash transfers must be reasonably proportional to the negative economic impact they are intended to address. Cash transfers grossly in excess of the amount needed to address the negative economic impact identified by the recipient would not be considered to be a response to the COVID-19 public health emergency or its negative impacts. In particular, when considering appropriate size of permissible cash transfers made in response to the COVID-19 public health emergency, state, local, territorial, and Tribal governments may consider and take guidance from the per person amounts previously provided by the federal government in response to the COVID crisis.

7. May funds be used to reimburse recipients for costs incurred by state and local governments in responding to the public health emergency and its negative economic impacts prior to passage of the American Rescue Plan?

Use of Fiscal Recovery Funds is generally forward looking. The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021.

8. May recipients use funds for general economic development or workforce development?

Generally, not. Recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible.

9. How can recipients use funds to assist the travel, tourism, and hospitality industries?

Aid provided to tourism, travel, and hospitality industries should respond to the negative economic impacts of the pandemic. For example, a recipient may provide aid to support safe reopening of businesses in the tourism, travel and hospitality industries and to districts that were closed during the COVID-19 public health emergency, as well as aid a planned expansion or upgrade of tourism, travel and hospitality facilities delayed due to the pandemic.

Tribal development districts are considered the commercial centers for tribal hospitality, gaming, tourism and entertainment industries.

10. May recipients use funds to assist impacted industries other than travel, tourism, and hospitality?

Yes, provided that recipients consider the extent of the impact in such industries as compared to tourism, travel, and hospitality, the industries enumerated in the statute. For example, nationwide the leisure and hospitality industry has experienced an

approximately 17 percent decline in employment and 24 percent decline in revenue, on net, due to the COVID-19 public health emergency. Recipients should also consider whether impacts were due to the COVID-19 pandemic, as opposed to longer-term economic or industrial trends unrelated to the pandemic.

Recipients should maintain records to support their assessment of how businesses or business districts receiving assistance were affected by the negative economic impacts of the pandemic and how the aid provided responds to these impacts.

2.11. How does the Interim Final Rule help address the disparate impact of COVID-19 on certain populations and geographies?

In recognition of the disproportionate impacts of the COVID-19 virus on health and economic outcomes in low-income and Native American communities, the Interim Final Rule identifies a broader range of services and programs that are considered to be in response to the public health emergency when provided in these communities. Specifically, Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT), to families living in QCTs, or when these services are provided by Tribal governments.

Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic. In identifying these disproportionately-impacted communities, recipients should be able to support their determination for how the pandemic disproportionately impacted the populations, households, or geographic areas to be served.

Eligible services include:

- Addressing health disparities and the social determinants of health, including: community health workers, public benefits navigators, remediation of lead paint or other lead hazards, and community violence intervention programs;

- Building stronger neighborhoods and communities, including: supportive housing and other services for individuals experiencing homelessness, development of affordable housing, and housing vouchers and assistance relocating to neighborhoods with higher levels of economic opportunity;

- Addressing educational disparities exacerbated by COVID-19, including: early learning services, increasing resources for high-poverty school districts, educational services like tutoring or afterschool programs, and supports for students' social, emotional, and mental health needs; and

- Promoting healthy childhood environments, including: child care, home visiting programs for families with young children, and enhanced services for child welfare-involved families and foster youth.

12. May recipients use funds to pay for vaccine incentive programs (e.g., cash or in-kind transfers, lottery programs, or other incentives for individuals who get vaccinated)?

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to respond to the COVID-19 public health emergency, including expenses related to COVID-19 vaccination programs. See 31 CFR 35.6(b)(1)(i). Programs that provide incentives reasonably expected to increase the number of people who choose to get vaccinated, or that motivate people to get vaccinated sooner than they otherwise would have, are an allowable use of funds so long as such costs are reasonably proportional to the expected public health benefit.

13. May recipients use funds to pay "back to work incentives" (e.g., cash payments for newly employed workers after a certain period of time on the job)? [5/27]

Yes. Under the Interim Final Rule, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to unemployed workers. See 31 CFR 35.6(b)(4). This assistance can include job training or other efforts to accelerate rehiring and thus reduce unemployment, such as childcare assistance, assistance with transportation to and from a jobsite or interview, and incentives for newly employed workers.

14. The Coronavirus Relief Fund (CRF) included as an eligible use: "Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency." What has changed in CSFRF/CLFRF, and what type of documentation is required under CSFRF/CLFRF? [5/27]

Many of the expenses authorized under the Coronavirus Relief Fund are also eligible uses under the CSFRF/CLFRF. However, in the case of payroll expenses for public safety, public health, health care, human services, and similar employees (hereafter, public health and safety staff), the CSFRF/CLFRF does differ from the CRF. This change reflects the differences between the ARPA and CARES Act and recognizes that the response to the COVID-19 public health emergency has changed and will continue to change over time. In particular, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and similar employees, including first responders, to the extent that the employee's time that is dedicated to responding to the COVID-19 public health emergency.

For administrative convenience, the recipient may consider a public health and safety employee to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated (e.g., more than half of the employee's time is dedicated) to responding to the COVID-19 public health emergency.

Recipients may use presumptions for assessing whether an employee, division, or operating unit is primarily dedicated to COVID-19 response. The recipient should

maintain records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID-19 response. Recipients need not routinely track staff hours. Recipients should periodically reassess their determinations.

15. What staff are included in "public safety, public health, health care, human services, and similar employees"? Would this include, for example, 911 operators, morgue staff, medical examiner staff, or EMS staff? [5/27]

As discussed in the Interim Final Rule, funds may be used for payroll and covered benefits expenses for public safety, public health, health care, human services, and
similar employees, for the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency.

Public safety employees would include police officers (including state police officers), sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel. Public health employees would include employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel. Human services staff include employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

16. May recipients use funds to establish a public jobs program? [6/8]

Yes. The Interim Final Rule permits a broad range of services to unemployed or underemployed workers and other individuals that suffered negative economic impacts from the pandemic. That can include public jobs programs, subsidized employment, combined education and on-the-job training programs, or job training to accelerate rehiring or address negative economic or public health impacts experienced due to a worker's occupation or level of training. The broad range of permitted services can also include other employment supports, such as childcare assistance or assistance with transportation to and from a jobsite or interview.

The Interim Final Rule includes as an eligible use re-hiring public sector staff up to the government's level of pre-pandemic employment. "Public sector staff" would not include individuals participating in a job training or subsidized employment program administered by the recipient.

17. The Interim Final Rule states that "assistance or aid to individuals or businesses that did not experience a negative economic impact from the public health emergency would not be an eligible use under this category." Are recipients

required to demonstrate that each individual or business experienced a negative economic impact for that individual or business to receive assistance? [6/23]

Not necessarily. The Interim Final Rule allows recipients to demonstrate a negative economic impact on a population or group and to provide assistance to households or businesses that fall within that population or group. In such cases, the recipient need only demonstrate that the household or business is within the population or group that experienced a negative economic impact.

For assistance to households, the Interim Final Rule states, "In assessing whether a household or population experienced economic harm as a result of the pandemic, a recipient may presume that a household or population that experienced unemployment or increased food or housing insecurity or is low- or moderate-income experienced negative economic impacts resulting from the pandemic." This would allow, for example, an internet access assistance program for all low- or moderate-income households, but would not require the recipient to demonstrate or document that each individual low- or -moderate income household experienced a negative economic impact from the COVID-19 public health emergency apart from being low- or -moderate income.

For assistance to small businesses, the Interim Final Rule states that assistance may be provided to small businesses, including loans, grants, in-kind assistance, technical assistance or other services, to respond to the negative economic impacts of the COVID-19 public health emergency. In providing assistance to small businesses, recipients must design a program that responds to the negative economic impacts of the COVID-19 public health emergency, including by identifying how the program addresses the identified need or impact faced by small businesses. This can include assistance to adopt safer operating procedures, weather periods of closure, or mitigate financial hardship resulting from the COVID-19 public health emergency.

As part of program design and to ensure that the program responds to the identified need, recipients may consider additional criteria to target assistance to businesses in need, including to small businesses. Assistance may be targeted to businesses facing financial insecurity, with substantial declines in gross receipts (e.g., comparable to measures used to assess eligibility for the Paycheck Protection Program), or facing other economic harm due to the pandemic, as well as businesses with less capacity to weather financial hardship, such as the smallest businesses, those with less access to credit, or those serving disadvantaged communities. For example, a recipient could find based on local data or research that the smallest businesses faced sharply increased risk of bankruptcy and develop a program to respond; such a program would only need to document a population or group-level negative economic impact, and eligibility criteria to limit access to the program to that population or group (in this case, the smallest businesses).

In addition, recognizing the disproportionate impact of the pandemic on disadvantaged communities, the Interim Final Rule also identifies a set of services that are presumptively eligible when provided in a Qualified Census Tract (QCT); to families and individuals living in QCTs; to other populations, households, or geographic areas

identified by the recipient as disproportionately impacted by the pandemic; or when these services are provided by Tribal governments. For more information on the set of presumptively eligible services, see the Interim Final Rule section on *Building Stronger Communities through Investments in Housing and Neighborhoods* and FAQ 2.11.

18. Would investments in improving outdoor spaces (e.g. parks) be an eligible use of funds as a response to the public health emergency and/or its negative economic impacts? [6/23]

There are multiple ways that investments in improving outdoor spaces could qualify as eligible uses; several are highlighted below, though there may be other ways that a specific investment in outdoor spaces would meet eligible use criteria.

First, in recognition of the disproportionate negative economic impacts on certain communities and populations, the Interim Final Rule identifies certain types of services that are eligible uses when provided in a Qualified Census Tract (QCT), to families and individuals living in QCTs, or when these services are provided by Tribal governments. Recipients may also provide these services to other populations, households, or geographic areas disproportionately impacted by the pandemic.

These programs and services include services designed to build stronger neighborhoods and communities and to address health disparities and the social determinants of health. The Interim Final Rule provides a non-exhaustive list of eligible services to respond to the needs of communities disproportionately impacted by the pandemic, and recipients may identify other uses of funds that do so, consistent with the Rule's framework. For example, investments in parks, public plazas, and other public outdoor recreation spaces may be responsive to the needs of disproportionately impacted communities by promoting healthier living environments and outdoor recreation and socialization to mitigate the spread of COVID-19.

Second, recipients may provide assistance to small businesses in all communities. Assistance to small businesses could include support to enhance outdoor spaces for COVID-19 mitigation (e.g., restaurant patios) or to improve the built environment of the neighborhood (e.g., façade improvements).

Third, many governments saw significantly increased use of parks during the pandemic that resulted in damage or increased maintenance needs. The Interim Final Rule recognizes that "decrease[s to] a state or local government's ability to effectively administer services" can constitute a negative economic impact of the pandemic.

19. Would expenses to address a COVID-related backlog in court cases be an eligible use of funds as a response to the public health emergency? [6/23]

The Interim Final Rule recognizes that "decrease[s to] a state or local government's ability to effectively administer services," such as cuts to public sector staffing levels, can constitute a negative economic impact of the pandemic. During the COVID-19 public

health emergency, many courts were unable to operate safely during the pandemic and, as a result, now face significant backlogs. Court backlogs resulting from inability of courts to safely operate during the COVID-19 pandemic decreased the government's ability to administer services. Therefore, steps to reduce these backlogs, such as implementing COVID-19 safety measures to facilitate court operations, hiring additional court staff or attorneys to increase speed of case resolution, and other expenses to expedite case resolution are eligible uses.

2.20. Can funds be used to assist small business startups as a response to the negative economic impact of COVID-19? [6/23]

As discussed in the Interim Final Rule, recipients may provide assistance to small businesses that responds to the negative economic impacts of COVID-19. The Interim Final Rule provides a non-exclusive list of potential assistance mechanisms, as well as considerations for ensuring that such assistance is responsive to the negative economic impacts of COVID-19.

Treasury acknowledges a range of potential circumstances in which assisting small business startups could be responsive to the negative economic impacts of COVID-19, including for small businesses and individuals seeking to start small businesses after the start of the COVID-19 public health emergency. For example:

- A recipient could assist small business startups with additional costs associated with COVID-19 mitigation tactics (e.g., barriers or partitions; enhanced cleaning; or physical plant changes to enable greater use of outdoor space).
- A recipient could identify and respond to a negative economic impact of COVID- 19 on new small business startups; for example, if it could be shown that small business startups in a locality were facing greater difficult accessing credit than prior to the pandemic, faced increased costs to starting the business due to the pandemic, or that the small business had lost expected startup capital due to the pandemic.
- The Interim Final Rule also discusses eligible uses that provide support for individuals who have experienced a negative economic impact from the COVID-19 public health emergency, including uses that provide job training for unemployed individuals. These initiatives also may support small business startups and individuals seeking to start small businesses.

2.21. Can funds be used for eviction prevention efforts or housing stability services? [6/24]

Yes. Responses to the negative economic impacts of the pandemic include "rent, mortgage, or utility assistance [and] counseling and legal aid to prevent eviction or homelessness." This includes housing stability services that enable eligible households to maintain or obtain housing, such as housing counseling, fair housing counseling, case management related to housing stability, outreach to households at risk of eviction or promotion of housing support programs, housing related services for survivors of

domestic abuse or human trafficking, and specialized services for individuals with disabilities or seniors that supports their ability to access or maintain housing.

This also includes legal aid such as legal services or attorney's fees related to eviction proceedings and maintaining housing stability, court-based eviction prevention or eviction diversion programs, and other legal services that help households maintain or obtain housing.

Recipients may transfer funds to, or execute grants or contracts with, court systems, non- profits, and a wide range of other organizations to implement these strategies.

3. Eligible Uses – Revenue Loss

1. How is revenue defined for the purpose of this provision? [appendix added 6/23]

The Interim Final Rule adopts a definition of "General Revenue" that is based on, but not identical, to the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances.

General Revenue includes revenue from taxes, current charges, and miscellaneous general revenue. It excludes refunds and other correcting transactions, proceeds from issuance of debt or the sale of investments, agency or private trust transactions, and revenue generated by utilities and insurance trusts. General revenue also includes intergovernmental transfers between state and local governments, but excludes intergovernmental transfers from the Federal government, including Federal transfers made via a state to a locality pursuant to the CRF or the Fiscal Recovery Funds.

Tribal governments may include all revenue from Tribal enterprises and gaming operations in the definition of General Revenue.

Please see the appendix for a diagram of the Interim Final Rule's definition of General Revenue within the Census Bureau's revenue classification structure.

2. Will revenue be calculated on an entity-wide basis or on a source-by-source basis (e.g. property tax, income tax, sales tax, etc.)?

Recipients should calculate revenue on an entity-wide basis. This approach minimizes the administrative burden for recipients, provides for greater consistency across recipients, and presents a more accurate representation of the net impact of the COVID- 19 public health emergency on a recipient's revenue, rather than relying on financial reporting prepared by each recipient, which vary in methodology used and which generally aggregates revenue by purpose rather than by source.

3. Does the definition of revenue include outside concessions that contract with a state or local government?

Recipients should classify revenue sources as they would if responding to the U.S. Census Bureau's Annual Survey of State and Local Government Finances. According to the Census Bureau's Government Finance and Employment Classification manual, the following is an example of current charges that would be included in a state or local government's general revenue from own sources: "Gross revenue of facilities operated by a government (swimming pools, recreational marinas and piers, golf courses, skating rinks, museums, zoos, etc.); auxiliary facilities in public recreation areas (camping areas, refreshment stands, gift shops, etc.); lease or use fees from stadiums, auditoriums, and community and convention centers; and rentals from concessions at such facilities."

4. What is the time period for estimating revenue loss? Will revenue losses experienced prior to the passage of the Act be considered?

Recipients are permitted to calculate the extent of reduction in revenue as of four points in time: December 31, 2020; December 31, 2021; December 31, 2022; and December 31, 2023. This approach recognizes that some recipients may experience lagged effects of the pandemic on revenues.

Upon receiving Fiscal Recovery Fund payments, recipients may immediately calculate revenue loss for the period ending December 31, 2020.

5. What is the formula for calculating the reduction in revenue?

A reduction in a recipient's General Revenue equals:

$$\text{Max } \{[\text{Base Year Revenue}^* (1+\text{Growth Adjustment})^{(\frac{n_t}{12})}] - \text{Actual General Revenue}_t ; 0\}$$

Where:

Base Year Revenue is General Revenue collected in the most recent full fiscal year prior to the COVD-19 public health emergency.

Growth Adjustment is equal to the greater of 4.1 percent (or 0.041) and the recipient's average annual revenue growth over the three full fiscal years prior to the COVID-19 public health emergency.

n equals the number of months elapsed from the end of the base year to the calculation date.

Actual General Revenue is a recipient's actual general revenue collected during 12-month period ending on each calculation date.

Subscript *t* denotes the calculation date.

6. Are recipients expected to demonstrate that reduction in revenue is due to the COVID-19 public health emergency?

In the Interim Final Rule, any diminution in actual revenue calculated using the formula above would be presumed to have been "due to" the COVID-19 public health emergency. This presumption is made for administrative ease and in recognition of the broad-based economic damage that the pandemic has wrought.

7. May recipients use pre-pandemic projections as a basis to estimate the reduction in revenue?

No. Treasury is disallowing the use of projections to ensure consistency and comparability across recipients and to streamline verification. However, in estimating the revenue shortfall using the formula above, recipients may incorporate their average annual revenue growth rate in the three full fiscal years prior to the public health emergency.

8. Once a recipient has identified a reduction in revenue, are there any restrictions on how recipients use funds up to the amount of the reduction?

The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. Government services can include, but are not limited to, maintenance of infrastructure or pay-go spending for building new infrastructure, including roads; modernization of cybersecurity, including hardware, software, and protection of critical infrastructure; health services; environmental remediation; school or educational services; and the provision of police, fire, and other public safety services.

However, paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service, since these uses of funds do not entail direct provision of services to citizens. This restriction on paying interest or principal on any outstanding debt instrument, includes, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt. In addition, the overarching restrictions on all program funds (e.g., restriction on pension deposits, restriction on using funds for non-federal match where barred by regulation or statute) would apply.

9. How do I know if a certain type of revenue should be counted for the purpose of computing revenue loss? [5/27]

As discussed in FAQ #3.1, the Interim Final Rule adopts a definition of "General Revenue" that is based on, but not identical, to the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances.

Recipients should refer to the definition of "General Revenue" included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "General Revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey.

For example, parking fees would be classified as a Current Charge for the purpose of the Census Bureau's Annual Survey, and the Interim Final Rule's concept of "General Revenue" includes all Current Charges. Therefore, parking fees would be included in the Interim Final Rule's concept of "General Revenue."

The Census Bureau's Government Finance and Employment Classification manual is available here.

10. In calculating revenue loss, are recipients required to use audited financials? [6/8]

Where audited data is not available, recipients are not required to obtain audited data. Treasury expects all information submitted to be complete and accurate. See 31 CFR 35.4(c).

11. In calculating revenue loss, should recipients use their own data, or Census data? [6/8]

Recipients should use their own data sources to calculate general revenue, and do not need to rely on published revenue data from the Census Bureau. Treasury acknowledges that due to differences in timing, data sources, and definitions, recipients' self-reported general revenue figures may differ somewhat from those published by the Census Bureau.

12. Should recipients calculate revenue loss on a cash basis or an accrual basis? [6/8]

Recipients may provide data on a cash, accrual, or modified accrual basis, provided that recipients are consistent in their choice of methodology throughout the covered period and until reporting is no longer required.

13. In identifying intergovernmental revenue for the purpose of calculating General Revenue, should recipients exclude all federal funding, or just federal funding related to the COVID-19 response? How should local governments treat federal funds that are passed through states or other entities, or federal funds that are intermingled with other funds? [6/23]

In calculating General Revenue, recipients should exclude all intergovernmental transfers from the federal government. This includes, but is not limited to, federal transfers made via a state to a locality pursuant to the Coronavirus Relief Fund or Fiscal Recovery Funds. To the extent federal funds are passed through states or other entities or intermingled with other funds, recipients should attempt to identify and exclude the

federal portion of those funds from the calculation of General Revenue on a best-efforts basis.

3.14. What entities constitute a government for the purpose of calculating revenue loss? [7/14]

In determining whether a particular entity is part of a recipient's government for purposes of measuring a recipient's government revenue, recipients should identify all the entities included in their government and the general revenue attributable to these entities on a best-efforts basis. Recipients are encouraged to consider how their administrative structure is organized under state and local statutes. In cases in which the autonomy of certain authorities, commissions, boards, districts, or other entities is not readily distinguishable from the recipient's government, recipients may adopt the Census
Bureau's criteria for judging whether an entity is independent from, or a constituent of, a given government. For an entity to be independent, it generally meets all four of the following conditions:

- The entity is an organized entity and possesses corporate powers, such as perpetual succession, the right to sue and be sued, having a name, the ability to make contracts, and the ability to acquire and dispose of property.
- The entity has governmental character, meaning that it provides public services, or wields authority through a popularly elected governing body or officers appointed by public officials. A high degree of responsibility to the public, demonstrated by public reporting requirements or by accessibility of records for public inspection, also evidences governmental character.
- The entity has substantial fiscal independence, meaning it can determine its budget without review and modification by other governments. For instance, the entity can determine its own taxes, charges, and debt issuance without another government's supervision.
- The entity has substantial administrative independence, meaning it has a popularly elected governing body, or has a governing body representing two or more governments, or, in the event its governing body is appointed by another government, the entity performs functions that are essentially different from those of, and are not subject to specification by, its creating government.

If an entity does not meet all four of these conditions, a recipient may classify the entity as part of the recipient's government and assign the portion of General Revenue that corresponds to the entity.

To further assist recipients in applying the forgoing criteria, recipients may refer to the Census Bureau's *Individual State Descriptions: 2017 Census of Governments* publication, which lists specific entities and classes of entities classified as either independent (defined by Census as "special purpose governments") or constituent (defined by Census as "dependent agencies") on a state-by-state basis. Recipients should note that the Census Bureau's lists are not exhaustive and that Census classifications are based on an analysis of state and local statutes as of 2017 and subject to the Census Bureau's judgement. Though not included in the Census Bureau's publication, state

colleges and universities are generally classified as dependent agencies of state governments by the Census Bureau.

If an entity is determined to be part of the recipient's government, the recipient must also determine whether the entity's revenue is covered by the Interim Final Rule's definition of "general revenue." For example, some cash flows may be outside the definition of "general revenue." In addition, note that the definition of general revenue includes Tribal enterprises in the case of Tribal governments. Refer to FAQ 3.1 (and the Appendix) for the components included in General Revenue.

3.15. The Interim Final Rule's definition of General Revenue excludes revenue generated by utilities. Can you please clarify the definition of utility revenue? [7/14]

As noted in FAQs 3.1 and 3.9, the Interim Final Rule adopts a definition of "general revenue" that is based on, but not identical to, the Census Bureau's concept of "General Revenue from Own Sources" in the Annual Survey of State and Local Government Finances. Recipients should refer to the definition of "general revenue" included in the Interim Final Rule. See 31 CFR 35.3. If a recipient is unsure whether a particular revenue source is included in the Interim Final Rule's definition of "general revenue," the recipient may consider the classification and instructions used to complete the Census Bureau's Annual Survey.

According to the Census Bureau's Government Finance and Employment Classification manual, utility revenue is defined as "[g]ross receipts from sale of utility commodities or services to the public or other governments by publicly-owned and controlled utilities." This includes revenue from operations of publicly-owned and controlled water supply systems, electric power systems, gas supply systems, and public mass transit systems (see pages 4-45 and 4-46 of the manual for more detail).

Except for these four types of utilities, revenues from all commercial-type activities of a recipient's government (e.g., airports, educational institutions, lotteries, public hospitals, public housing, parking facilities, port facilities, sewer or solid waste systems, and toll roads and bridges) are covered by the Interim Final Rule's definition of "general revenue." If a recipient is unsure whether a particular entity performing one of these commercial-type activities can be considered part of the recipient's government, please see FAQ 3.14.

4. Eligible Uses – General

1. May recipients use funds to replenish a budget stabilization fund, rainy day fund, or similar reserve account?

No. Funds made available to respond to the public health emergency and its negative economic impacts are intended to help meet pandemic response needs and provide immediate stabilization for households and businesses. Contributions to rainy day funds

and similar reserves funds would not address these needs or respond to the COVID-19 public health emergency, but would rather be savings for future spending needs. Similarly, funds made available for the provision of governmental services (to the extent of reduction in revenue) are intended to support direct provision of services to citizens.
Contributions to rainy day funds are not considered provision of government services, since such expenses do not directly relate to the provision of government services.

2. May recipients use funds to invest in infrastructure other than water, sewer, and broadband projects (e.g. roads, public facilities)?

Under 602(c)(1)(C) or 603(c)(1)(C), recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency.

Under 602(c)(1)(A) or 603(c)(1)(A), a general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract).

3. May recipients use funds to pay interest or principal on outstanding debt?

No. Expenses related to financing, including servicing or redeeming notes, would not address the needs of pandemic response or its negative economic impacts. Such expenses would also not be considered provision of government services, as these financing expenses do not directly provide services or aid to citizens.

This applies to paying interest or principal on any outstanding debt instrument, including, for example, short-term revenue or tax anticipation notes, or paying fees or issuance costs associated with the issuance of new debt.

4. May recipients use funds to satisfy nonfederal matching requirements under the Stafford Act? May recipients use funds to satisfy nonfederal matching requirements generally?

Fiscal Recovery Funds are subject to pre-existing limitations in other federal statutes and regulations and may not be used as non-federal match for other Federal programs whose statute or regulations bar the use of Federal funds to meet matching requirements. For example, expenses for the state share of Medicaid are not an eligible use. For information on FEMA programs, please see here.

5. Are governments required to submit proposed expenditures to Treasury for approval? [5/27]

No. Recipients are not required to submit planned expenditures for prior approval by Treasury. Recipients are subject to the requirements and guidelines for eligible uses contained in the Interim Final Rule.

6. How do I know if a specific use is eligible? [5/27]

Fiscal Recovery Funds must be used in one of the four eligible use categories specified in the American Rescue Plan Act and implemented in the Interim Final Rule:

a) To respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality;

b) To respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers;

c) For the provision of government services to the extent of the reduction in revenue due to the COVID–19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and

d) To make necessary investments in water, sewer, or broadband infrastructure.

Recipients should consult Section II of the Interim Final Rule for additional information on eligible uses. For recipients evaluating potential uses under (a), the Interim Final Rule contains a non-exclusive list of programs or services that may be funded as responding to COVID-19 or the negative economic impacts of the COVID-19 public health emergency, along with considerations for evaluating other potential uses of Fiscal Recovery Funds not explicitly listed. See Section II of the Interim Final Rule for additional discussion.

For recipients evaluating potential uses under (c), the Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. See FAQ #3.8 for additional discussion.

For recipients evaluating potential uses under (b) and (d), see Sections 5 and 6.

7. Do restrictions on using Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred beginning on March 3, 2021 apply to costs incurred by the recipient (e.g., a State, local, territorial, or Tribal government) or to costs incurred by households, businesses, and individuals benefiting from assistance provided using Coronavirus State and Local Fiscal Recovery Funds? [6/8]

The Interim Final Rule permits funds to be used to cover costs incurred beginning on March 3, 2021. This limitation applies to costs incurred by the recipient (i.e., the state, local, territorial, or Tribal government receiving funds). However, recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households, businesses, and individuals within the eligible use categories described in the Interim

Final Rule for economic harms experienced by those households, businesses, and individuals prior to March 3, 2021. For example,

- Public Health/Negative Economic Impacts – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to provide assistance to households – such as rent, mortgage, or utility assistance – for economic harms experienced or costs incurred by the household prior to March 3, 2021 (e.g., rental arrears from preceding months), provided that the cost of providing assistance to the household was not incurred by the recipient prior to March 3, 2021.
- Premium Pay – Recipients may provide premium pay retrospectively for work performed at any time since the start of the COVID-19 public health emergency. Such premium pay must be "in addition to" wages and remuneration already received and the obligation to provide such pay must not have been incurred by the recipient prior to March 3, 2021.
- Revenue Loss – The Interim Final Rule gives recipients broad latitude to use funds for the provision of government services to the extent of reduction in revenue. The calculation of lost revenue begins with the recipient's revenue in the last full fiscal year prior to the COVID-19 public health emergency and includes the 12-month period ending December 31, 2020. However, use of funds for government services must be forward looking for costs incurred by the recipient after March 3, 2021.
- Investments in Water, Sewer, and Broadband – Recipients may use Coronavirus State and Local Fiscal Recovery Funds to make necessary investments in water, sewer, and broadband. See FAQ Section 6. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to cover costs incurred for eligible projects planned or started prior to March 3, 2021, provided that the project costs covered by the Coronavirus State and Local Fiscal Recovery Funds were incurred after March 3, 2021.

4.8. How can I use CSFRF/CLFRF funds to prevent and respond to crime, and support public safety in my community? [6/23]

Under Treasury's Interim Final Rule, there are many ways in which the State and Local Fiscal Recovery Funds ("Funds") under the American Rescue Plan Act can support communities working to reduce and respond to increased violence due to the pandemic. Among the eligible uses of the Funds are restoring of public sector staff to their pre-pandemic levels and responses to the public health crisis and negative economic impacts resulting from the pandemic. The Interim Final Rule provides several ways for recipients to "respond to" this pandemic-related gun violence, ranging from community violence intervention programs to mental health services to hiring of public safety personnel.

Below are some examples of how Fiscal Recovery Funds can be used to address public safety:

- In all communities, recipients may use resources to rehire police officers and other public servants to restore law enforcement and courts to their pre-pandemic levels.

Additionally, Funds can be used for expenses to address COVID-related court backlogs, including hiring above pre-pandemic levels, as a response to the public health emergency. See FAQ 2.19.

- In communities where an increase in violence or increased difficulty in accessing or providing services to respond to or mitigate the effects of violence, is a result of the pandemic they may use funds to address that harm. This spending may include:

    - Hiring law enforcement officials – even above pre-pandemic levels – or paying overtime where the funds are directly focused on advancing community policing strategies in those communities experiencing an increase in gun violence associated with the pandemic
    - Community Violence Intervention (CVI) programs, including capacity building efforts at CVI programs like funding and training additional intervention workers
    - Additional enforcement efforts to reduce gun violence exacerbated by the pandemic, including prosecuting gun traffickers, dealers, and other parties contributing to the supply of crime guns, as well as collaborative federal, state, and local efforts to identify and address gun trafficking channels
    - Investing in technology and equipment to allow law enforcement to more efficiently and effectively respond to the rise in gun violence resulting from the pandemic

  As discussed in the Interim Final Rule, uses of CSFRF/CLFRF funds that respond to an identified harm must be related and reasonably proportional to the extent and type of harm experienced; uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses.

- Recipients may also use funds up to the level of revenue loss for government services, including those outlined above.

Recognizing that the pandemic exacerbated mental health and substance use disorder needs in many communities, eligible public health services include mental health and other behavioral health services, which are a critical component of a holistic public safety approach. This could include:

- Mental health services and substance use disorder services, including for individuals experiencing trauma exacerbated by the pandemic, such as:
    - Community-based mental health and substance use disorder programs that deliver evidence-based psychotherapy, crisis support services, medications for opioid use disorder, and/or recovery support
    - School-based social-emotional support and other mental health services
- Referrals to trauma recovery services for crime victims.

Recipients also may use Funds to respond to the negative economic impacts of the public health emergency, including:

the public health emergency, including:

- Assistance programs to households or populations facing negative economic impacts of

  - Assistance to support economic security, including for the victims of crime;
  - Housing assistance, including rent, utilities, and relocation assistance;
  - Assistance with food, including Summer EBT and nutrition programs; and
  - Employment or job training services to address negative economic or public health impacts experienced due to a worker's occupation or level of training.

- Assistance to unemployed workers, including:
  - Subsidized jobs, including for young people. Summer youth employment programs directly address the negative economic impacts of the pandemic on young people and their families and communities;
  - Programs that provide paid training and/or work experience targeted primarily to (1)formerly incarcerated individuals, and/or (2) communities experiencing high levels of violence exacerbated by the pandemic;
  - Programs that provide workforce readiness training, apprenticeship or pre-apprenticeship opportunities, skills development, placement services, and/or coaching and mentoring; and
  - Associated wraparound services, including for housing, health care, and food.

Recognizing the disproportionate impact of the pandemic on certain communities, a broader range of services are eligible in those communities than would otherwise be available in communities not experiencing a pandemic-related increase in crime or gun violence. These eligible uses aim to address the pandemic's exacerbation of public health and economic disparities and include services to address health and educational disparities, support neighborhoods and affordable housing, and promote healthy childhood environments. The Interim Final Rule provides a non-exhaustive list of eligible services in these categories.

These services automatically qualify as eligible uses when provided in Qualified Census Tracts (QCTs), low-income areas designated by HUD; to families in QCTs; or by Tribal governments. Outside of these areas, recipient governments can also identify and serve households, populations, and geographic areas disproportionately impacted by the pandemic.

Services under this category could include:

- Programs or services that address or mitigate the impacts of the COVID-19 public health emergency on education, childhood health and welfare, including:
  - Summer education and enrichment programs in these communities, which include many communities currently struggling with high levels of violence;
  - Programs that address learning loss and keep students productively engaged;
  - Enhanced services for foster youths and home visiting programs; and
  - Summer camps and recreation.

- Programs or services that provide or facilitate access to health and social services and address health disparities exacerbated by the pandemic. This includes community violence intervention (CVI) programs, such as:
  - Evidence-based practices like focused deterrence, street outreach, violence interrupters, and hospital-based violence intervention models, complete with

wraparound services such as behavioral therapy, trauma recovery, job training, education, housing and relocation services, and financial assistance; and,
- Capacity-building efforts at CVI programs like funding more intervention workers; increasing their pay; providing training and professional development for intervention workers; and hiring and training workers to administer the programs.

Please refer to Treasury's Interim Final Rule for additional information.

9. May recipients pool funds for regional projects? [7/14]

Yes, provided that the project is itself an eligible use of funds and that recipients can track the use of funds in line with the reporting and compliance requirements of the CSFRF/CLFRF. In general, when pooling funds for regional projects, recipients may expend funds directly on the project or transfer funds to another government that is undertaking the project on behalf of multiple recipients. To the extent recipients undertake regional projects via transfer to another government, recipients would need to comply with the rules on transfers specified in the Interim Final Rule, Section V. A recipient may transfer funds to a government outside its boundaries (e.g., county transfers to a neighboring county), provided that the recipient can document that its jurisdiction receives a benefit proportionate to the amount contributed.

10. May recipients fund a project with both ARP funds and other sources of funding (e.g., blending, braiding, or other pairing funding sources), including in conjunction with financing provided through a debt issuance? [7/14]

Cost sharing or matching funds are not required under CSFRF/CLFRF. Funds may be used in conjunction with other funding sources, provided that the costs are eligible costs under each source program and are compliant with all other related statutory and regulatory requirements and policies. The recipient must comply with applicable reporting requirements for all sources of funds supporting the CSFRF/CLFRF projects, and with any requirements and restrictions on the use of funds from the supplemental funding sources and the CSFRF/CLFRF program. Specifically,

- All funds provided under the CSFRF/CLFRF program must be used for projects, investments, or services that are eligible under the CSFRF/CLFRF statute, Treasury's Interim Final Rule, and guidance. See 31 CFR 35.6-8; FAQ 4.6. CSFRF/CLFRF funds may not be used to fund an activity that is not, in its entirety, an eligible use under the CSFRF/CLFRF statute, Treasury's Interim Final Rule, and guidance. For example,
  - CSFRF/CLFRF funds may be used in conjunction with other sources of funds to make an investment in water infrastructure, which is eligible under the CSLFRF statute, and Treasury's Interim Final Rule.
  - CSFRF/CLFRF funds could not be used to fund the entirety of a water infrastructure project that was partially, although not entirely, an eligible
    use under Treasury's Interim Final Rule. However, the recipient could use CSFRF/CLFRF funds only for a smaller component project that does

constitute an eligible use, while using other funds for the remaining portions of the larger planned water infrastructure project that do not constitute an eligible use. In this case, the "project" under this program would be only the eligible use component of the larger project.

- In addition, because CSFRF/CLFRF funds must be obligated by December 31, 2024, and expended by December 31, 2026, recipients must be able to, at a minimum, determine and report to Treasury on the amount of CSFRF/CLFRF funds obligated and expended and when such funds were obligated and expended.

4.11. May Coronavirus State and Local Fiscal Recovery Funds be used to make loans or other extensions of credit ("loans"), including loans to small businesses and loans to finance necessary investments in water, sewer, and broadband infrastructure? [7/14]

Yes. Coronavirus State and Local Fiscal Recovery Funds ("Funds") may be used to make loans, provided that the loan is an eligible use and the cost of the loan is tracked and reported in accordance with the points below. See 31 CFR 35.6. For example, a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make loans to small businesses. See 31 CFR 35.6(b)(6). In addition, a recipient may use Funds to finance a necessary investment in water, sewer or broadband, as described in the Interim Final Rule. See 31 CFR 35.6(e).

Funds must be used to cover "costs incurred" by the recipient between March 3, 2021, and December 31, 2024, and Funds must be expended by December 31, 2026. See Section III.D of the Interim Final Rule; 31 CFR 35.5. Accordingly, recipients must be able to determine the amount of Funds used to make a loan.

- For loans that mature or are forgiven on or before December 31, 2026, the recipient must account for the use of funds on a cash flow basis, consistent with the approach to loans taken in the Coronavirus Relief Fund.
    - Recipients may use Fiscal Recovery Funds to fund the principal of the loan and in that case must track repayment of principal and interest (i.e., "program income," as defined under 2 CFR 200).
    - When the loan is made, recipients must report the principal of the loan as an expense.
    - Repayment of principal may be re-used only for eligible uses, and subject to restrictions on timing of use of funds. Interest payments received prior to the end of the period of performance will be considered an addition to the total award and may be used for any purpose that is an eligible use of funds under the statute and IFR. Recipients are not subject to restrictions under 2 CFR 200.307(e)(1) with respect to such payments.

- For loans with maturities longer than December 31, 2026, the recipient may use Fiscal Recovery Funds for only the projected cost of the loan. Recipients may estimate the subsidy cost of the loan, which equals the expected cash flows associated

with the loan discounted at the recipient's cost of funding. A recipient's cost of funding can be determined based on the interest rates of securities with a similar maturity to the cash flow being discounted that were either (i) recently issued by the recipient or (ii) recently issued by a unit of state, local, or Tribal government similar to the recipient. Recipients that have adopted the Current Expected Credit Loss (CECL) standard may also treat the cost of the loan as equal to the CECL-based expected credit losses over the life of the loan. Recipients may measure projected losses either once, at the time the loan is extended, or annually over the covered period.

Under either approach for measuring the amount of funds used to make loans with maturities longer than December 31, 2026, recipients would not be subject to restrictions under 2 CFR 200.307(e)(1) and need not separately track repayment of principal or interest.

Any contribution of Fiscal Recovery Funds to a revolving loan fund must follow the approach described above for loans with maturities longer than December 31, 2026. In other words, a recipient could contribute Fiscal Recovery Funds to a revolving loan fund, provided that the revolving loan fund makes loans that are eligible uses and the Fiscal Recovery Funds contributed represent the projected cost of loans made over the life of the revolving loan fund.

4.12. May funds be used for outreach to increase uptake of federal assistance like the Child Tax Credit or federal programs like SNAP? [7/14]

Yes. Eligible uses to address negative economic impacts include work "to improve efficacy of programs addressing negative economic impacts, including through use of data analysis, targeted consumer outreach, improvements to data or technology infrastructure, and impact evaluations." See 31 CFR 35.6(b)(10). Of note, per the CSFRF/CLFRF Reporting Guidance, allowable use of funds for evaluations may also include other types of program evaluations focused on program improvement and evidence building. In addition, recipients may use funds to facilitate access to health and social services in populations and communities disproportionately impacted by the COVID-19 pandemic, including benefits navigators or marketing efforts to increase consumer uptake of federal tax credits, benefits, or assistance programs that respond to negative economic impacts of the pandemic. See 31 CFR 35.6(b)(12).

5. Eligible Uses – Premium Pay

1. What criteria should recipients use in identifying essential workers to receive premium pay?

Essential workers are those in critical infrastructure sectors who regularly perform in-person work, interact with others at work, or physically handle items handled by others.

Critical infrastructure sectors include healthcare, education and childcare, transportation, sanitation, grocery and food production, and public health and safety, among others, as provided in the Interim Final Rule. Governments receiving Fiscal Recovery Funds have the discretion to add additional sectors to this list, so long as the sectors are considered critical to protect the health and well-being of residents.

The Interim Final Rule emphasizes the need for recipients to prioritize premium pay for lower income workers. Premium pay that would increase a worker's total pay above 150% of the greater of the state or county average annual wage requires specific justification for how it responds to the needs of these workers.

2. What criteria should recipients use in identifying third-party employers to receive grants for the purpose of providing premium pay to essential workers?

Any third-party employers of essential workers are eligible. Third-party contractors who employ essential workers in eligible sectors are also eligible for grants to provide premium pay. Selection of third-party employers and contractors who receive grants is at the discretion of recipients.

To ensure any grants respond to the needs of essential workers and are made in a fair and transparent manner, the rule imposes some additional reporting requirements for grants to third-party employers, including the public disclosure of grants provided.

3. May recipients provide premium pay retroactively for work already performed?

Yes. Treasury encourages recipients to consider providing premium pay retroactively for work performed during the pandemic, recognizing that many essential workers have not yet received additional compensation for their service during the pandemic.

6. Eligible Uses – Water, Sewer, and Broadband Infrastructure

1. What types of water and sewer projects are eligible uses of funds?

The Interim Final Rule generally aligns eligible uses of the Funds with the wide range of types or categories of projects that would be eligible to receive financial assistance through the Environmental Protection Agency's Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF).

Under the DWSRF, categories of eligible projects include: treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development.

Under the CWSRF, categories of eligible projects include: construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water

conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act.

As mentioned in the Interim Final Rule, eligible projects under the DWSRF and CWSRF support efforts to address climate change, as well as to meet cybersecurity needs to protect water and sewer infrastructure. Given the lifelong impacts of lead exposure for children, and the widespread nature of lead service lines, Treasury also encourages recipients to consider projects to replace lead service lines.

2. May construction on eligible water, sewer, or broadband infrastructure projects continue past December 31, 2024, assuming funds have been obligated prior to that date?

Yes. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to only require that recipients have obligated the funds by such date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds.

3. May recipients use funds as a non-federal match for the Clean Water State Revolving Fund (CWSRF) or Drinking Water State Revolving Fund (DWSRF)?

Recipients may not use funds as a state match for the CWSRF and DWSRF due to prohibitions in utilizing federal funds as a state match in the authorizing statutes and regulations of the CWSRF and DWSRF.

4. Does the National Environmental Policy Act (NEPA) apply to eligible infrastructure projects?

NEPA does not apply to Treasury's administration of the Funds. Projects supported with payments from the Funds may still be subject to NEPA review if they are also funded by other federal financial assistance programs.

5. What types of broadband projects are eligible?

The Interim Final Rule requires eligible projects to reliably deliver minimum speeds of 100 Mbps download and 100 Mbps upload. In cases where it is impracticable due to geography, topography, or financial cost to meet those standards, projects must reliably deliver at least 100 Mbps download speed, at least 20 Mbps upload speed, and be scalable to a minimum of 100 Mbps download speed and 100 Mbps upload speed.

Projects must also be designed to serve unserved or underserved households and businesses, defined as those that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed.

6. For broadband investments, may recipients use funds for related programs such as cybersecurity or digital literacy training?

Yes. Recipients may use funds to provide assistance to households facing negative economic impacts due to Covid-19, including digital literacy training and other programs that promote access to the Internet. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency.

7. How do I know if a water, sewer, or broadband project is an eligible use of funds? Do I need pre-approval? [6/8]

Recipients do not need approval from Treasury to determine whether an investment in a water, sewer, or broadband project is eligible under CSFRF/CLFRF. Each recipient should review the Interim Final Rule (IFR), along with the preamble to the Interim Final Rule, in order to make its own assessment of whether its intended project meets the eligibility criteria in the IFR. A recipient that makes its own determination that a project meets the eligibility criteria as outlined in the IFR may pursue the project as a CSFRF/CLFRF project without pre-approval from Treasury. Local government recipients similarly do not need state approval to determine that a project is eligible under CSFRF/CLFRF. However, recipients should be cognizant of other federal or state laws or regulations that may apply to construction projects independent of CSFRF/CLFRF funding conditions and that may require pre-approval.

For water and sewer projects, the IFR refers to the EPA Drinking Water and Clean Water State Revolving Funds (SRFs) for the categories of projects and activities that are eligible for funding. Recipients should look at the relevant federal statutes, regulations, and guidance issued by the EPA to determine whether a water or sewer project is eligible. Of note, the IFR does not incorporate any other requirements contained in the federal statutes governing the SRFs or any conditions or requirements that individual states may place on their use of SRFs.

8. For broadband infrastructure investments, what does the requirement that infrastructure "be designed to" provide service to unserved or underserved households and businesses mean? [6/17]

Designing infrastructure investments to provide service to unserved or underserved households or businesses means prioritizing deployment of infrastructure that will bring service to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. To meet this requirement, states and localities should use funds to deploy broadband infrastructure projects whose objective is to provide service to unserved or underserved households or businesses. These unserved or underserved households or businesses do not need to be the only ones in the service area funded by the project.

9. For broadband infrastructure to provide service to "unserved or underserved households or businesses," must every house or business in the service area be unserved or underserved? [6/17]

No. It suffices that an objective of the project is to provide service to unserved or underserved households or businesses. Doing so may involve a holistic approach that provides service to a wider area in order, for example, to make the ongoing service of unserved or underserved households or businesses within the service area economical. Unserved or underserved households or businesses need not be the *only* households or businesses in the service area receiving funds.

10. May recipients use payments from the Funds for "middle mile" broadband projects? [6/17]

Yes. Under the Interim Final Rule, recipients may use payments from the Funds for "middle-mile projects," but Treasury encourages recipients to focus on projects that will achieve last-mile connections—whether by focusing on funding last-mile projects or by ensuring that funded middle-mile projects have potential or partnered last-mile networks that could or would leverage the middle-mile network.

11. For broadband infrastructure investments, what does the requirement to "reliably" meet or exceed a broadband speed threshold mean? [6/17]

In the Interim Final Rule, the term "reliably" is used in two places: to identify areas that are eligible to be the subject of broadband infrastructure investments and to identify expectations for acceptable service levels for broadband investments funded by the Coronavirus State and Local Fiscal Recovery Funds. In particular:

- The IFR defines "unserved or underserved households or businesses" to mean one or more households or businesses that are not currently served by a wireline connection that reliably delivers at least 25 Mbps download speeds and 3 Mbps of upload speeds.

- The IFR provides that a recipient may use Coronavirus State and Local Fiscal Recovery Funds to make investments in broadband infrastructure that are designed to provide service to unserved or underserved households or businesses and that are designed to, upon completion: (i) reliably meet or exceed symmetrical 100 Mbps download speed and upload speeds; or (ii) in limited cases, reliably meet or exceed 100 Mbps download speed and between 20 Mbps and 100 Mbps upload speed and be scalable to a minimum of 100 Mbps download and upload speeds.

The use of "reliably" in the IFR provides recipients with significant discretion to assess whether the households and businesses in the area to be served by a project have access to wireline broadband service that can actually and consistently meet the specified thresholds of at least 25Mbps/3Mbps—i.e., to consider the actual experience of current

wireline broadband customers that subscribe to services at or above the 25 Mbps/3 Mbps threshold. Whether there is a provider serving the area that advertises or otherwise claims to offer speeds that meet the 25 Mbps download and 3 Mbps upload speed thresholds is not dispositive.

When making these assessments, recipients may choose to consider any available data, including but not limited to documentation of existing service performance, federal and/or state-collected broadband data, user speed test results, interviews with residents and business owners, and any other information they deem relevant. In evaluating such data, recipients may take into account a variety of factors, including whether users actually receive service at or above the speed thresholds at all hours of the day, whether factors other than speed such as latency or jitter, or deterioration of the existing connections make the user experience unreliable, and whether the existing service is being delivered by legacy technologies, such as copper telephone lines (typically using Digital Subscriber Line technology) or early versions of cable system technology (DOCSIS 2.0 or earlier).

The IFR also provides recipients with significant discretion as to how they will assess whether the project itself has been designed to provide households and businesses with broadband services that meet, or even exceed, the speed thresholds provided in the rule.

6.12. May recipients use Funds for pre-project development for eligible water, sewer, and broadband projects? [6/23]

Yes. To determine whether Funds can be used on pre-project development for an eligible water or sewer project, recipients should consult whether the pre-project development use or cost is eligible under the Drinking Water and Clean Water State Revolving Funds (CWSRF and DWSRF, respectively). Generally, the CWSRF and DWSRF often allow for pre-project development costs that are tied to an eligible project, as well as those that are reasonably expected to lead to a project. For example, the DWSRF allows for planning and evaluations uses, as well as numerous pre-project development costs, including costs associated with obtaining project authorization, planning and design, and project start-up like training and warranty for equipment. Likewise, the CWSRF allows for broad pre-project development, including planning and assessment activities, such as cost and effectiveness analyses, water/energy audits and conservation plans, and capital improvement plans.

Similarly, pre-project development uses and costs for broadband projects should be tied to an eligible broadband project or reasonably expected to lead to such a project. For example, pre-project costs associated with planning and engineering for an eligible broadband infrastructure build-out is considered an eligible use of funds, as well as technical assistance and evaluations that would reasonably be expected to lead to commencement of an eligible project (e.g., broadband mapping for the purposes of finding an eligible area for investment).

All funds must be obligated within the statutory period between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026.

13. May State and Local Fiscal Recovery Funds be used to support energy or electrification infrastructure that would be used to power new water treatment plants and wastewater systems? [7/14]

The EPA's Overview of Clean Water State Revolving Fund Eligibilities describes eligible energy-related projects. This includes a "[p]ro rata share of capital costs of offsite clean energy facilities that provide power to a treatment works." Thus, State and Local Fiscal Recovery Funds may be used to finance the generation and delivery of clean power to a wastewater system or a water treatment plant on a pro-rata basis. If the wastewater system or water treatment plant is the sole user of the clean energy, the full cost would be considered an eligible use of funds. If the clean energy provider provides power to other entities, only the proportionate share used by the water treatment plant or wastewater system would be an eligible use of State and Local Fiscal Recovery Funds.

14. How should states and local governments assess whether a stormwater management project, such as a culvert replacement, is an eligible project for State and Local Fiscal Recovery Funds? [7/14]

FAQ 6.7 describes the overall approach that recipients may take to evaluate the eligibility of water or sewer projects. For stormwater management projects specifically, as noted in the EPA's Overview of Clean Water State Revolving Fund Eligibilities, "Stormwater projects must have a water quality benefit." Thus, to be eligible under CSFRF/CLFRF, stormwater management projects should be designed to incorporate water quality benefits consistent with the goals of the Clean Water Act. Summary of the Clean Water Act.

15. May recipients use Funds for road repairs and upgrades that occur in connection with an eligible water or sewer project? [7/14]

Yes, recipients may use State and Local Fiscal Recovery Funds for road repairs and upgrades directly related to an eligible water or sewer project. For example, a recipient could use Funds to repair or re-pave a road following eligible sewer repair work beneath it. However, use of Funds for general infrastructure projects is subject to the limitations described in FAQ 4.2. Water and sewer infrastructure projects are often a single component of a broader transportation infrastructure project, for example, the implementation of stormwater infrastructure to meet Clean Water Act established water quality standards. In this example, the components of the infrastructure project that interact directly with the stormwater infrastructure project may be funded by Fiscal Recovery Funds.

16. May Funds be used to build or upgrade broadband connections to schools or libraries? [7/14]

As outlined in the IFR, recipients may use Fiscal Recovery Funds to invest in broadband infrastructure that, wherever it is practicable to do so, is designed to deliver service that reliably meets or exceeds symmetrical upload and download speeds of 100 Mbps to households or businesses that are not currently serviced by a wireline connection that reliably delivers at least 25 Mbps download speed and 3 Mbps of upload speed. Treasury interprets "businesses" in this context broadly to include non-residential users of broadband, including private businesses and institutions that serve the public, such as schools, libraries, healthcare facilities, and public safety organizations.

6.17. Are eligible infrastructure projects subject to the Davis-Bacon Act? [7/14]

The Davis-Bacon Act requirements (prevailing wage rates) do not apply to projects funded solely with award funds from the CSFRF/CLFRF program, except for CSFRF/CLFRF-funded construction projects undertaken by the District of Columbia. The Davis-Bacon Act specifically applies to the District of Columbia when it uses federal funds (CSFRF/CLFRF funds or otherwise) to enter into contracts over $2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Recipients may be otherwise subject to the requirements of the Davis- Bacon Act, when CSFRF/CLFRF award funds are used on a construction project in conjunction with funds from another federal program that requires enforcement of the Davis-Bacon Act. Additionally, corollary state prevailing-wage-in-construction laws (commonly known as "baby Davis-Bacon Acts") may apply to projects. Please refer to FAQ 4.10 concerning projects funded with both CSFRF/CLFRF funds and other sources of funding.

Treasury has indicated in its Interim Final Rule that it is important that necessary investments in water, sewer, or broadband infrastructure be carried out in ways that produce high-quality infrastructure, avert disruptive and costly delays, and promote efficiency. Treasury encourages recipients to ensure that water, sewer, and broadband projects use strong labor standards, including project labor agreements and community benefits agreements that offer wages at or above the prevailing rate and include local hire provisions, not only to promote effective and efficient delivery of high-quality infrastructure projects, but also to support the economic recovery through strong employment opportunities for workers. Using these practices in construction projects may help to ensure a reliable supply of skilled labor that would minimize disruptions, such as those associated with labor disputes or workplace injuries.
Treasury has also indicated in its reporting guidance that recipients will need to provide documentation of wages and labor standards for infrastructure projects over $10 million, and that that these requirements can be met with certifications that the project is in compliance with the Davis-Bacon Act (or related state laws, commonly known as "baby Davis-Bacon Acts") and subject to a project labor agreement. Please refer to the Reporting and Compliance Guidance, page 21, for more detailed information on the reporting requirement.

7. Non-Entitlement Units (NEUs)

Answers to frequently asked questions on distribution of funds to NEUs can be found in this FAQ supplement, which is regularly updated.

8. Ineligible Uses

1. **What is meant by a pension "deposit"? Can governments use funds for routine pension contributions for employees whose payroll and covered benefits are eligible expenses?**

   Treasury interprets "deposit" in this context to refer to an extraordinary payment into a pension fund for the purpose of reducing an accrued, unfunded liability. More specifically, the interim final rule does not permit this assistance to be used to make a payment into a pension fund if both: (1) the payment reduces a liability incurred prior to the start of the COVID-19 public health emergency, and (2) the payment occurs outside the recipient's regular timing for making such payments.

   Under this interpretation, a "deposit" is distinct from a "payroll contribution," which occurs when employers make payments into pension funds on regular intervals, with contribution amounts based on a pre-determined percentage of employees' wages and salaries. In general, if an employee's wages and salaries are an eligible use of Fiscal Recovery Funds, recipients may treat the employee's covered benefits as an eligible use of Fiscal Recovery Funds.

2. **May recipients use Fiscal Recovery Funds to fund Other Post-Employment Benefits (OPEB)? [6/8]**

   OPEB refers to benefits other than pensions (see, e.g., Governmental Accounting Standards Board, "Other Post-Employment Benefits"). Treasury has determined that Sections 602(c)(2)(B) and 603(c)(2), which refer only to pensions, do not prohibit CSFRF/CLFRF recipients from funding OPEB. Recipients of either the CSFRF/CLFRF may use funds for eligible uses, and a recipient seeking to use CSFRF/CLFRF funds for OPEB contributions would need to justify those contributions under one of the four eligible use categories.

9. Reporting

On June 17, 2021, Treasury released Guidance on Recipient Compliance and Reporting Responsibilities for the Coronavirus State and Local Fiscal Recovery Funds. Recipients should consult this guidance for additional detail and clarification on recipients' compliance and reporting responsibilities. A users' guide will be provided with additional information on how and where to submit required reports.

1. What records must be kept by governments receiving funds?

Financial records and supporting documents related to the award must be retained for a period of five years after all funds have been expended or returned to Treasury, whichever is later. This includes those which demonstrate the award funds were used for eligible purposes in accordance with the ARPA, Treasury's regulations implementing those sections, and Treasury's guidance on eligible uses of funds.

2. What reporting will be required, and when will the first report be due?

Recipients will be required to submit an interim report, quarterly project and expenditure reports, and annual Recovery Plan Performance Reports as specified below, regarding their utilization of Coronavirus State and Local Fiscal Recovery Funds.

Interim reports: States (defined to include the District of Columbia), territories, metropolitan cities, counties, and Tribal governments will be required to submit one
interim report. The interim report will include a recipient's expenditures by category at the summary level and for states, information related to distributions to non-entitlement units of local government must also be included in the interim report. The interim report will cover activity from the date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Non-entitlement units of local government are not required to submit an interim report.

Quarterly Project and Expenditure reports: State (defined to include the District of Columbia), territorial, metropolitan city, county, and Tribal governments will be required to submit quarterly project and expenditure reports. This report will include financial data, information on contracts and subawards over $50,000, types of projects funded, and other information regarding a recipient's utilization of award funds. Reports will be required quarterly with the exception of non-entitlement units, which will report annually. An interim report is due on August 31, 2021. The reports will include the same general data as those submitted by recipients of the Coronavirus Relief Fund, with some modifications to expenditure categories and the addition of data elements related to specific eligible uses. The initial quarterly Project and Expenditure report will cover two calendar quarters from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent quarterly reports will cover one calendar quarter and must be submitted to Treasury within 30 days after the end of each calendar quarter.

Non-entitlement units of local government will be required to submit the project and expenditure report annually. The initial annual Project and Expenditure report for non-entitlement units of local government will cover activity from the date of award to September 30, 2021 and must be submitted to Treasury by October 31, 2021. The subsequent annual reports must be submitted to Treasury by October 31 each year.

Recovery Plan Performance Reports: States (defined to include the District of Columbia), territories, metropolitan cities, and counties with a population that exceeds 250,000

residents will also be required to submit an annual Recovery Plan Performance Report to Treasury. This report will include descriptions of the projects funded and information on the performance indicators and objectives of each award, helping local residents understand how their governments are using the substantial resources provided by Coronavirus State and Local Fiscal Recovery Funds program. The initial Recovery Plan Performance Report will cover activity from date of award to July 31, 2021 and must be submitted to Treasury by August 31, 2021. Thereafter, the Recovery Plan Performance Reports will cover a 12-month period and recipients will be required to submit the report to Treasury within 30 days after the end of the 12-month period. The second Recovery Plan Performance Report will cover the period from July 1, 2021 to June 30, 2022 and must be submitted to Treasury by July 31, 2022. Each annual Recovery Plan Performance Report must be posted on the public-facing website of the recipient. Local governments with fewer than 250,000 residents, Tribal governments, and non-entitlement units of local government are not required to develop a Recovery Plan Performance Report.

Please see the Guidance on Recipient Compliance and Reporting Responsibilities for more information.

3. What provisions of the Uniform Guidance for grants apply to these funds? Will the Single Audit requirements apply?

Most of the provisions of the Uniform Guidance (2 CFR Part 200) apply to this program, including the Cost Principles and Single Audit Act requirements. Recipients should refer to the Assistance Listing for detail on the specific provisions of the Uniform Guidance that do not apply to this program. The Assistance Listing will be available on beta.SAM.gov.

4. Once a recipient has identified a reduction in revenue, how will Treasury track use of funds for the provision of government services? [6/8]

The ARPA establishes four categories of eligible uses and further restrictions on the use of funds to ensure that Fiscal Recovery Funds are used within the four eligible use categories. The Interim Final Rule implements these restrictions, including the scope of the eligible use categories and further restrictions on tax cuts and deposits into pensions. Reporting requirements will align with this structure.

Consistent with the broad latitude provided to recipients to use funds for government services to the extent of the reduction in revenue, recipients will be required to submit a description of services provided. As discussed in IFR, these services can include a broad range of services but may not be used directly for pension deposits, contributions to reserve funds, or debt service. Recipients may use sources of funding other than Fiscal Recovery Funds to make deposits to pension funds, contribute to reserve funds, and pay debt service, including during the period of performance for the Fiscal Recovery Fund award.

For recipients using Fiscal Recovery Funds to provide government services to the extent of reduction in revenue, the description of government services reported to Treasury may be narrative or in another form, and recipients are encouraged to report based on their existing budget processes and to minimize administrative burden. For example, a recipient with $100 in revenue replacement funds available could indicate that $50 were used for personnel costs and $50 were used for pay-go building of sidewalk infrastructure.

In addition to describing the government services provided to the extent of reduction in revenue, all recipients will also be required to indicate that Fiscal Recovery Funds are not used directly to make a deposit in a pension fund. Further, recipients subject to the tax offset provision will be required to provide information necessary to implement the Interim Final Rule, as described in the Interim Final Rule. Treasury does not anticipate requiring other types of reporting or recordkeeping on spending in pensions, debt service, or contributions to reserve funds.

These requirements are further detailed in the guidance on reporting requirements for the Fiscal Recovery Funds available here.

9.5. What is the Assistance Listing and Catalog of Federal Domestic Assistance (CFDA) number for the program? [6/8]

The Assistance Listing for the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) was published May 28, 2021 on SAM.gov. This includes the final CFDA Number for the program, 21.027.

The assistance listing includes helpful information including program purpose, statutory authority, eligibility requirements, and compliance requirements for recipients. The CFDA number is the unique 5-digit code for each type of federal assistance, and can be used to search for program information, including funding opportunities, spending on usaspending.gov, or audit results through the Federal Audit Clearinghouse.

To expedite payments and meet statutory timelines, Treasury issued initial payments under an existing CFDA number. If you have already received funds or captured the initial CFDA number in your records, please update your systems and reporting to reflect the final CFDA number 21.027. **Recipients must use the final CFDA number for all financial accounting, audits, subawards, and associated program reporting requirements.**

To ensure public trust, Treasury expects all recipients to serve as strong stewards of these funds. This includes ensuring funds are used for intended purposes and recipients have in place effective financial management, internal controls, and reporting for transparency and accountability.

Please see Treasury's Interim Final Rule and the Guidance on Recipient Compliance and Reporting Responsibilities for more information.

10. Miscellaneous

1. May governments retain assets purchased with Fiscal Recovery Funds? If so, what rules apply to the proceeds of disposition or sale of such assets?

Yes, if the purchase of the asset was consistent with the limitations on the eligible use of funds. If such assets are disposed of prior to December 31, 2024, the proceeds would be subject to the restrictions on the eligible use of payments.

2. Can recipients use funds for administrative purposes?

Recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID–19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

3. Are recipients required to remit interest earned on CSFRF/CLFRF payments made by Treasury? [5/27, updated 7/14]

No. CSFRF/CLFRF payments made by Treasury to states, territories, and the District of Columbia are not subject to the requirement of the Cash Management Improvement Act and Treasury's implementing regulations at 31 CFR part 205 to remit interest to Treasury. CSFRF/CLFRF payments made by Treasury to local governments and Tribes are not subject to the requirement of 2 CFR 200.305(b)(8)–(9) to maintain balances in an interest-bearing account and remit payments to Treasury. Moreover, interest earned on CSFRF/CLFRF payments is not subject to program restrictions. Finally, States may retain interest on payments made by Treasury to the State for distribution to NEUs that is earned before funds are distributed to NEUs, provided that the State adheres to the statutory requirements and Treasury's guidance regarding the distribution of funds to NEUs. Such interest is also not subject to program restrictions.

Among other things, States and other recipients may use earned income to defray the administrative expenses of the program, including with respect to NEUs.

4. Is there a deadline to apply for funds? [5/27]

The Interim Final Rule requires that costs be incurred by December 31, 2024. Direct recipients are encouraged to apply as soon as possible. For direct recipients other than Tribal governments, there is not a specific application deadline.

Tribal governments do have deadlines to complete the application process and should visit www.treasury.gov/SLFRPTribal for guidance on applicable deadlines.

Non-entitlement units of local government should contact their state government for information on applicable deadlines.

10.5. May recipients use funds to cover the costs of consultants to assist with managing and administering the funds? [6/8]

Yes. Recipients may use funds for administering the CSFRF/CLFRF program, including costs of consultants to support effective management and oversight, including consultation for ensuring compliance with legal, regulatory, and other requirements.

11. Operations

1. How do I know if my entity is eligible?

The Coronavirus State and Local Fiscal Recovery Funds American Rescue Plan Act of 2021 set forth the jurisdictions eligible to receive funds under the program, which are:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities (typically, but not always, those with populations over 50,000)
- Non-entitlement units of local government, or smaller local governments (typically, but not always, those with populations under 50,000)

2. How does an eligible entity request payment?

Eligible entities (other than non-entitlement units) must submit their information to the Treasury Submission Portal. Please visit the **Coronavirus State and Local Fiscal Recovery Fund website** for more information on the submission process.

3. I cannot log into the Treasury Submission Portal or am having trouble navigating it. Who can help me?

If you have questions about the Treasury Submission Portal or for technical support, please email covidreliefitsupport@treasury.gov.

4. What do I need to do to receive my payment?

All eligible payees are required to have a DUNS Number previously issued by Dun & Bradstreet (https://www.dnb.com/).

All eligible payees are also required to have an active registration with the System for Award Management (SAM) (https://www.sam.gov).

And eligible payees must have a bank account enabled for Automated Clearing House (ACH) direct deposit. Payees with a Wire account are encouraged to provide that information as well.

More information on these and all program pre-submission requirements can be found on the **Coronavirus State and Local Fiscal Recovery Fund website.**

11.5. Why is Treasury employing id.me for the Treasury Submission Portal?

ID.me is a trusted technology partner to multiple government agencies and healthcare providers. It provides secure digital identity verification to those government agencies and healthcare providers to make sure you're you – and not someone pretending to be you – when you request access to online services. All personally identifiable information provided to ID.me is encrypted and disclosed only with the express consent of the user. Please refer to ID.me Contact Support for assistance with your ID.me account. Their support website is https://help.id.me.

6. Why is an entity not on the list of eligible entities in Treasury Submission Portal?

The ARPA statute lays out which governments are eligible for payments. The list of entities within the Treasury Submission Portal includes entities eligible to receive a direct payment of funds from Treasury, which include states (defined to include the District of Columbia), territories, Tribal governments, counties, and metropolitan cities.

Eligible non-entitlement units of local government will receive a distribution of funds from their respective state government and should not submit information to the Treasury Submission Portal.

If you believe an entity has been mistakenly left off the eligible entity list, please email SLFRP@treasury.gov.

7. What is an Authorized Representative?

An Authorized Representative is an individual with legal authority to bind the government entity (e.g., the Chief Executive Officer of the government entity). An Authorized Representative must sign the Acceptance of Award terms for it to be valid.

8. How does a Tribal government determine their allocation?

Tribal governments will receive information about their allocation when the submission to the Treasury Submission Portal is confirmed to be complete and accurate.

9. How do I know the status of my request for funds (submission)?

Entities can check the status of their submission at any time by logging into Treasury Submission Portal.

10. My Treasury Submission Portal submission requires additional information/correction. What is the process for that?

If your Authorized Representative has not yet signed the award terms, you can edit your submission with in the into Treasury Submission Portal. If your Authorized Representative has signed the award terms, please email SLFRP@treasury.gov to request assistance with updating your information.

11. My request for funds was denied. How do I find out why it was denied or appeal the decision?

Please check to ensure that no one else from your entity has applied, causing a duplicate submission. Please also review the list of all eligible entities on the **Coronavirus State and Local Fiscal Recovery Fund website.**

If you still have questions regarding your submission, please email SLFRP@treasury.gov.

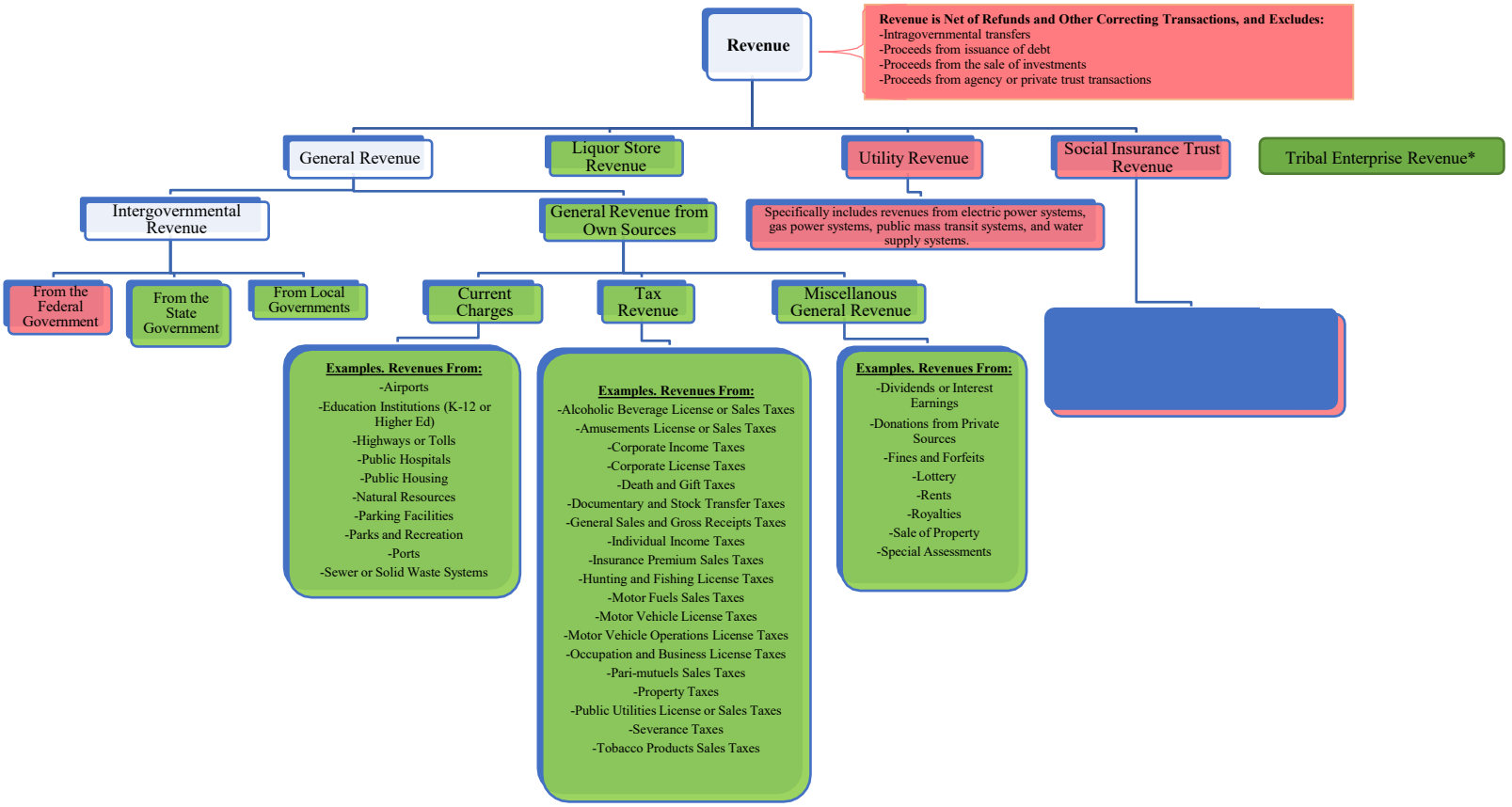
12. When will entities get their money?

Before Treasury is able to execute a payment, a representative of an eligible government must submit the government's information for verification through the Treasury Submission Portal. The verification process takes approximately four business days. If any errors are identified, the designated point of contact for the government will be contacted via email to correct the information before the payment can proceed. Once verification is complete, the designated point of contact of the eligible government will receive an email notifying them that their submission has been verified. Payments are generally scheduled for the next business day after this verification email, though funds may not be available immediately due to processing time of their financial institution.

13. How does a local government entity provide Treasury with a notice of transfer of funds to its State?

For more information on how to provide Treasury with notice of transfer to a state, please email SLRedirectFunds@treasury.gov.

Appendix: Interim Final Rule Definition of General Revenue Within the Census Bureau Classification Structure of Revenue



Source: U.S. Bureau of the Census Government Finance and Employment Classification Manual, 2006; Annual Survey of State and Local Government Finances

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