

**Municipal COVID-19 Response Fund
Program Guidance**

Program Background/Overview

The federal Coronavirus Relief Fund (“CRF”) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) includes funds for the State of Rhode Island to use to pay costs incurred by December 30 in responding to the COVID-19 public health emergency. In recognition of the burden that the public health emergency has placed on local governments, a Municipal COVID-19 Response Fund (“Municipal Fund”) has been created to provide municipalities with CRF funds.¹ The Municipal COVID-19 Response Fund, administered by the Department of Revenue - Division of Municipal Finance (“DMF”), is designed to distribute up to \$136,528,120, subject to appropriation, to municipalities to reimburse municipalities for eligible COVID-19 response costs incurred between March 1, 2020 and December 30, 2020. The following memo describes the rules of the Municipal Fund and how municipalities can apply for and access these funds.

Available Funds & Dispersal of Funds

The \$136,528,120 will be distributed in two parts. An Advance Installment of approximately \$58 million will occur by January 1, 2021. A Reimbursement Installment will distribute the remaining funds in February 2021. These funds may only cover costs that are eligible for reimbursement under the rules for CRF funds. Municipalities must document that they have sufficient CRF eligible costs to justify the amounts provided under this program.

How Does The Advance Installment Work?

The Advance Installment will be distributed on or before January 1, 2021. Municipalities should **sign and return by January 1, 2021 the Municipal COVID-19 Response Fund Certification to DMF, which is attached as Appendix A.** If a municipality requires council authorization prior to signing the attestation and cannot obtain approval prior to January 1, it must get council approval and return a signed certification at its earliest opportunity. Municipalities will not be eligible to receive the full amount allotted under this program without submitting the signed certification.

The table in Appendix B shows the amount that each municipality is eligible to receive under the Advance Installment.

Municipalities are not required to provide documentation of CRF eligible costs prior to receiving the Advance Installment. Documentation will be required before municipalities receive the Reimbursement Installment, as described below.

How Does The Reimbursement Installment Work?

¹ Because the possibility of Congressional action changing the CRF program or making new relief funds available, the state may reconsider the funding source for the COVID aid provided in this program.

The Reimbursement Installment will be paid after a municipality submits documentation of CRF eligible costs for reimbursement. In order to receive a distribution from the second installment, a municipality must document enough CRF costs to justify both (1) the amount received in the Advance Installment and (2) the amount requested in the Reimbursement Installment.

Appendix B estimates the maximum amount available to municipalities under the Reimbursement Installment. These numbers are only estimates, and not final amounts. DMF is providing these estimates so that municipalities can estimate the amount of eligible costs for which they may be entitled to reimbursement and prepare corresponding supporting documentation.

Because these funds are being distributed proportionate to the amounts municipalities receive under the Motor Vehicle and Trailer Excise Tax Elimination Act, DMF cannot finalize the amounts municipalities can receive under this program until all municipalities submit their final motor vehicle tax data file and separate matching tax roll certification to the Division of Municipal Finance. A final motor vehicle tax data file is a file that includes not only the standard motor vehicle and trailer information but also the tax amount applied to each vehicle and/or trailer. The levy amount in the motor vehicle tax data file should match the amount certified for motor vehicle excise tax levy on the separate tax roll certification. Once the data file and certification are provided, DMF will publish the final amounts municipalities may receive under the Reimbursement Installment. **Municipalities that have not already submitted their final motor vehicle tax data and tax roll certification to the Division of Municipal Finance must do so by no later than Friday, January 15, 2021.**

The reimbursement process will require the municipality to document eligible costs incurred and provide documentation to support the costs for which reimbursement is sought. The reimbursement form and instructions are under development and will be published on the DMF website when available. The instructions will provide guidance on the level of documentation needed to support the costs for which reimbursement is sought. DMF will review reimbursement forms and only approve reimbursement for expenses deemed eligible and for which adequate documentation is required.

Eligible Uses

As a condition of participation in the Municipal Fund program, municipalities are required to comply with all federal laws, regulations, and terms and conditions applicable to the receipt of federal funds. Under the CARES Act, the CRF funding being made available through this program is limited to costs 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 March 27, 2020 (the date of enactment of the CARES Act); and

3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.²

The U.S. Department of Treasury administers the CRF and has issued guidance³ and frequently asked questions⁴ that sets forth its interpretations of these requirements. As set forth in that guidance, while the CRF is available to address unexpected costs caused by COVID-19, CRF funding is prohibited from being used to address revenue shortfalls resulting from COVID-19.

Appendix C contains examples of eligible expenditures.

While municipalities may seek reimbursement for any eligible expenditures, DMF will determine in its sole discretion whether an expense submitted for reimbursement is eligible and whether the documentation submitted in the support of the expense is sufficient. Municipalities are encouraged to ask DMF questions about eligibility before submitting for reimbursement.

There are certain categories of eligible expenditures that will be particularly relevant to municipalities:

Public Safety Employees

Under Treasury Guidance, as a matter of administrative convenience in light of the emergency nature of the CRF funding, a municipality **may presume that payroll and benefits costs for public health and public safety employees incurred between March 1, 2020 and December 30, 2020 are payments for services substantially dedicated to mitigating or responding to the COVID-19 public health emergency**, unless the chief executive (or equivalent) of the municipality determines that specific circumstances indicate otherwise. Public safety employees would include police officers, firefighters, emergency medical responders, and those who directly support such employees such as dispatchers and supervisory personnel.

This means that all payroll and benefits costs of employees who satisfy this presumption may be covered with CRF for services provided during the period that begins on March 1, 2020 and ends on December 30, 2020. DMF encourages municipalities to use this presumption when submitting a reimbursement request under this program. However, municipalities must ensure that they are not seeking reimbursement for payroll and benefits costs that are covered under another program financed by federal dollars, e.g. FEMA reimbursement or Byrne/JAG grants.

FEMA Match

² See Section 601(d) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, div. A, Title V (Mar. 27, 2020).

³ *Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments*, available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

⁴ *Coronavirus Relief Fund Frequently Asked Questions*, available at <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>.

Under Treasury Guidance, CRF funds may be used to satisfy the 25% local share of eligible FEMA costs incurred between March 1 and December 30, 2020. If FEMA has approved a municipal expenditure for the relevant time period, DMF will consider the 25% local share as an eligible CRF cost.

PPE, Sanitation & Social Distancing Expenses

The purchase of PPE, extra sanitation of public facilities, and expenses incurred to install physical improvements that facilitate social distancing, can all qualify as relevant expenditures.

Telework Expenses

Expenses for hardware, software and other costs to facilitate remote working by municipal employees can qualify as relevant expenditures.

Intersection with Other Funding Sources

Eligible uses of the CARES Act funded Municipal COVID-19 Impact Relief Fund may overlap with allowable uses of other federal grants and reimbursements. As a condition of accepting federal Coronavirus Relief Fund funds, municipalities should maximize Federal Emergency Management Agency (“FEMA”) reimbursements. Federal dollars cannot under any circumstances be claimed twice for the same spending.

Municipalities should maximize the use of other federal funds, including:

- Elementary and Secondary School Emergency Relief Fund (ESSERF) for Pre-K to 12 education
- Community Development Block Grant and Emergency Shelter/Solutions Grant (ESG)
- Federal Emergency Management Act (FEMA) reimbursement

Key Program Dates

Key dates for this program are as follows:

- **January 1, 2021:** Municipalities should submit their signed certification. Distribution of the Advance Installment will happen on or before this date.
- **January 15, 2021:** Deadline for municipalities to submit final motor vehicle tax file to the Division of Municipal Finance.
- **January 29, 2021:** Target date for DMF to publish the final amounts that municipalities are entitled to under the Reimbursement Installment, assuming municipalities submit motor vehicle tax files on time.
- **February 5, 2021:** Deadline for municipalities to submit reimbursement requests to DMG. Municipalities may submit requests earlier.

- ***February 26, 2021:*** Target date for the disbursement of all funds. Actual disbursement is subject to municipalities adhering to the deadlines set forth above.

If you have any questions, please reach out to Richard Delfino at Richard.Delfino@dor.ri.gov. Thank you in advance for your cooperation.

Appendix A

Municipal COVID-19 Response Fund Certification

I, _____, the chief executive of _____ (“Municipality”) and hereby agree and certify on behalf of the Municipality that:

1. I have the authority on behalf of the Municipality to request payment from the Municipal COVID-19 Response Fund Program (“Program”) and to bind the Municipality to the terms and conditions stated herein.
2. I understand that the State of Rhode Island (“State”) will rely on this certification as a material representation in making a payment to Municipality through the Program.
3. I understand that funds from the Program are from the Coronavirus Relief Fund as established in in section 601 of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act, Pub. L. No. 116-136, div. A, Title V (Mar. 27, 2020) (“Section 601”).
4. Municipality will comply with the terms of the Program.
5. Municipality shall submit to the Rhode Island Department of Revenue, Division of Municipal Finance, the complete, final motor vehicle excise tax information for FY2021 by no later than January 15, 2021, per the requirements set forth in the Program guidance.
6. As required by federal law, Municipality’s use of Program funds will be used only to cover costs that:
 - a. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
 - b. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act); and
 - c. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.
7. Municipality’s use of Program funds will adhere to the *Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments*⁵ and *Coronavirus Relief Fund Frequently Asked Questions*⁶ issued by the U.S. Treasury and as updated from time to time (collectively, the “Federal Guidance”).
8. Municipality will provide proof of the eligible costs it seeks to cover with Program funds on the schedule and in the form that the Rhode Island Department of Revenue, Division of Municipal Finance (DMF) may require. Failure to do so may result in DMF denying or recouping Program funds from Municipality.
9. Municipality will not use Program funds for any ineligible purpose set forth in the Federal Guidance, including, without limitation, to fill shortfalls in government revenue

⁵ Available at: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Guidance-for-State-Territorial-Local-and-Tribal-Governments.pdf>.

⁶ Available at: <https://home.treasury.gov/system/files/136/Coronavirus-Relief-Fund-Frequently-Asked-Questions.pdf>.

to cover expenditures that would not otherwise qualify under Section 601; for damages covered by insurance; for expenses that have been or will be reimbursed under any federal program; for severance pay, legal settlements, or workforce bonuses other than hazard pay or overtime.

10. Municipality will use such fiscal control and fund accounting procedures as will ensure proper disbursement of, and accounting for, Program funds.
11. Municipality will cooperate with State in connection with any inquiries, desk reviews, audits, or other oversight or investigatory actions taken by the federal government related in any way to Municipality's use of Program funds.
12. To the extent that the Municipality's actual use of Program funds is less than the amount received, Municipality shall return the balance of unused funds to the State.
13. If the federal government recoups funds from the State based on a determination that they were used by Municipality in a manner not in compliance with Section 601, the State may recover any such recouped amount from Municipality through an assessment or a reduction from any periodic local aid distributions to Municipality made under titles 44 or 45 of the general laws.
14. Municipality will
 - a. submit such reports to the State as the Department of Revenue, Division of Municipal Finance may require in connection with the Program;
 - b. maintain for a period of at least five years after the final payment made or reimbursed with Program Funds records sufficient to satisfy the Record Retention Requirements set forth in the July 2, 2020 Memorandum for Coronavirus Relief Fund Recipients issued by the U.S. Treasury, Office of Inspector General⁷ and any subsequent record retention guidance set forth by the U.S. Treasury. This requires maintaining records sufficient to support compliance with the statutory requirements on Section 601. Records to support compliance may include, but are not limited to, copies of the following:
 - i. general ledger and subsidiary ledgers used to account for (a) the receipt of Coronavirus Relief Fund payments and (b) the disbursements from such payments to meet eligible expenses related to the public health emergency due to COVID-19;
 - ii. budget records for 2019 and 2020;
 - iii. payroll, time records, human resource records to support costs incurred for payroll expenses related to addressing the public health emergency due to COVID-19;
 - iv. receipts of purchases made related to addressing the public health emergency due to COVID-19;

⁷ This memorandum is available at <https://home.treasury.gov/system/files/136/IG-Coronavirus-Relief-Fund-Recipient-Reporting-Record-Keeping-Requirements.pdf>.

- v. contracts and subcontracts entered into using Coronavirus Relief Fund payments and all documents related to such contracts;
 - vi. grant agreements and grant subaward agreements entered into using Coronavirus Relief Fund payments and all documents related to such awards;
 - vii. all documentation of reports, audits, and other monitoring of contractors, including subcontractors, and grant recipient and subrecipients;
 - viii. all documentation supporting the performance outcomes of contracts, subcontracts, grant awards, and grant recipient subawards;
 - ix. all internal and external email/electronic communications related to use of Coronavirus Relief Fund payments; and
 - x. all investigative files and inquiry reports involving Coronavirus Relief Fund payments.
- c. The U.S. Treasury and its Inspector General, the Pandemic Response Accountability Committee, any other federal agencies with jurisdiction over the Coronavirus Relief Fund, the Division of Municipal Finance within the Department of Revenue, the Office of Internal Audit within the Rhode Island Department of Administration, and the State Auditor General shall have the right to access any documents, papers or other records of Municipality which may be related to its use of Program funds in order to make audits, examinations, excerpts and transcripts. The right also includes timely and reasonable access to Municipality staff for the purpose of interview and discussion related to such documents.

By: _____ Signature: _____

Title: _____ Date: _____

Appendix B

FY 2021 Coronavirus Relief Funds (CRF) Distributions

City or Town	FY 21 CRF Advancement **	Estimated Remaining Distribution of CRF ***	FY 21 Estimated Total CRF Distributions
Barrington	\$ 306,438	\$ 1,853,892	\$ 2,160,330
Bristol	1,107,675	861,781	1,969,456
Burrillville	354,503	1,717,137	2,071,640
Central Falls	432,122	879,783	1,311,905
Charlestown	82,783	302,513	385,296
Coventry	420,821	1,869,786	2,290,607
Cranston	7,154,316	8,020,773	15,175,089
Cumberland	409,473	1,807,135	2,216,608
East Greenwich	632,190	451,037	1,083,227
East Providence	736,528	4,144,743	4,881,271
Exeter*	48,850	-	48,850
Foster	84,451	534,808	619,259
Glocester	138,710	730,592	869,302
Hopkinton	106,522	523,070	629,592
Jamestown	49,840	104,356	154,196
Johnston	571,645	3,569,213	4,140,858
Lincoln	248,203	1,345,627	1,593,830
Little Compton	31,771	65,616	97,387
Middletown	147,707	472,024	619,731
Narragansett	141,763	300,961	442,724
Newport	1,318,936	320,344	1,639,280
New Shoreham	12,052	135,307	147,359
North Kingstown	258,820	1,190,040	1,448,860
North Providence	1,495,911	3,709,289	5,205,200
North Smithfield	225,983	1,427,158	1,653,141
Pawtucket	2,623,221	7,081,156	9,704,377
Portsmouth	174,053	631,504	805,557
Providence	31,200,969	15,064,726	46,265,695
Richmond	95,386	443,750	539,136
Scituate	106,759	324,511	431,270
Smithfield	916,606	1,972,080	2,888,686
South Kingstown	432,747	992,349	1,425,096
Tiverton	146,629	323,466	470,095
Warren	134,850	659,897	794,747
Warwick	2,164,354	6,827,842	8,992,196
Westerly	420,343	1,753,171	2,173,514
West Greenwich	77,467	558,365	635,832
West Warwick	1,200,684	1,586,805	2,787,489
Woonsocket	1,743,030	4,016,402	5,759,432
TOTAL	\$ 57,955,111	\$ 78,573,009	\$ 136,528,120

* Exeter will receive \$629,410 and the Lincoln fire districts will receive \$132,099 of General Revenue in addition to any amounts from CRF listed above.

** To be distributed to municipalities within 10 days of passage of FY2021 enacted budget.

*** Amounts listed are estimates anticipated to be distributed by the end of February and will be subject to reception of proper documentation.

Appendix C

U.S. Department of Treasury guidance includes the following nonexclusive examples of eligible expenditures:

1. Medical expenses such as:
 - a. COVID-19-related expenses of public hospitals, clinics, and similar facilities.
 - b. Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
 - c. Costs of providing COVID-19 testing, including serological testing.
 - d. Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
 - e. Expenses for establishing and operating public telemedicine capabilities for COVID-19 related treatment.

2. Public health expenses such as:
 - a. Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
 - b. Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
 - c. Expenses for disinfection of public areas and other facilities, e.g., nursing homes, in response to the COVID-19 public health emergency.
 - d. Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
 - e. Expenses for public safety measures undertaken in response to COVID-19.
 - f. Expenses for quarantining individuals.

3. 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 COVID19 public health emergency.

4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
 - a. Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
 - b. Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.

- c. Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.
 - d. Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
 - e. COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
 - f. Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
- a. Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - b. Expenditures related to a State, territorial, local, or Tribal government payroll support program.
 - c. Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.