

# CARES Act Relief Fund Allocations for Cities - City Managers

The Department of Finance has issued an [application](#) for cities to receive their [direct allocation](#) from the approved \$500 million of city CARES Act funding. Funds are to be used by October 30, 2020 and are applicable for eligible COVID-19 expenses incurred starting on March 1, 2020. Below is a breakdown of the requirements and deadlines established by the Department in addition to notes from League staff gathered from communications with the Department to assist you.

## Certification

- The city's chief executive or authorized designee must email a signed PDF of the *attached* certification form to the Department of Finance at [CRFApplications@dof.ca.gov](mailto:CRFApplications@dof.ca.gov) by no later than 11:59 P.M. Pacific Daylight Time on July 10, 2020. Applications received after that time and date may be disallowed.
  - **Please also** email a copy of your city's signed application and any questions you may have to [covid-19@cacities.org](mailto:covid-19@cacities.org). The League is coordinating with the Department of Finance to ensure accurate recording of submitted certifications.
- Cities must attest their adherence to COVID-19 federal guidelines, stay at home orders, and state Executive Orders to receive certification for these funds.
  - **Please note** that no additional action or documentation is needed to certify compliance at this time if the city believes to be in compliance with these orders.
  - The Department of Public Health, in coordination with the Department of Finance, will notify cities (which submit certification documents) that it believes to be out of compliance. Identified cities will be provided an opportunity to provide documentation and come into compliance. The League is actively seeking additional clarification on this process.

## Reporting

- By September 1, 2020, via a form still to be issued by the Department of Finance, cities are to report on the details, justification, and status of their expenditures and regional collaboration to date. This report will determine whether cities will receive additional time to expend funds and whether they are to receive additional installments.

- **Please note** that funds can be used to reimburse eligible expenditures back dated to March 1, 2020 that were not accounted for in the most recently approved budget as of March 27, 2020. The entirety of a city's allocation may be used for reimbursements.
- It is required that cities retain records that support reported COVID-19 eligible expenditures in accordance with [U.S. Treasury Guidelines](#). Documentation will support the city's reporting to the state and help mitigate repayments of disallowed costs. Documentation will also assist cities with swapping expenditures deemed to be ineligible with other incurred eligible expenses. The state and federal government retain the authority to audit use of these funds.

### **Allocation and Methodology**

- Funding will be allocated in several installments; the first allocation will total one-sixth of your city's total [allocation](#).
  - **Please note** that the Department of Finance may accelerate payments in the coming months based on utilization of funds and compliance with health orders. League staff is actively seeking clarification on the metrics to be used by the Department in making this determination.
- The Department of Finance, utilizing May 2020 city population estimates developed by the Department's Demographic Research Unit, will allocate \$500 million as follows:
  - \$275 million to cities with a population less than 300,000. Allocation based on the city's population share within this parameter.
  - \$225 million directly to cities with a population greater than 300,000 that did not receive a direct allocation from the Federal CARES Act. Allocation based on the city's population share within this parameter.
  - No city shall receive less than \$50,000.

### **Expenditure Timeline**

- Funds are to be used by October 30, 2020 and are applicable for eligible COVID-19 expenses incurred starting on March 1, 2020.
- As noted above, the Department may accelerate allocations (decrease the number of monthly installments); however, if the Department continues to allocate one-sixth of the city's total allocation each month from July to December 2020, the expenditure deadline may be extended.
- The extension of the expenditure deadline and the acceleration of allocations will be largely based on city's expenditures and actions reported on/by September 1.
  - Please note that states and local governments must return any funds not used by December 30, 2020 back to the U.S. Treasury.

- The utilization of funds by cities will factor into the Department's decision to accelerate payment and extend the expenditure deadline beyond October 30. If significant unspent funds are projected, the Department may redirect the dollars for its own purposes in accordance with Control [Section 11.90 \(e\)](#) of the 2020 Budget Act.

### **Questions and Support**

- Over the next several weeks, the League will be coordinating with the Department of Finance to answer your questions, provide education on eligible expenses, and reporting requirements.
- Please email a copy of your city's signed application and any questions you may have to [covid-19@cacities.org](mailto:covid-19@cacities.org).