

CITY OF UNALASKA
UNALASKA, ALASKA

ORDINANCE 2020-16

EMERGENCY ORDINANCE CREATING BUDGET AMENDMENT #3 TO THE FISCAL YEAR 2021 BUDGET,
CREATING AN APPROPRIATION FOR COSTS ASSOCIATED WITH THE CITY RESPONSE TO THE COVID-19
PANDEMIC

WHEREAS, the City of Unalaska, with Resolution 2020-16 declared a local emergency authorizing the City Manager to take necessary actions to reduce the impact and spread of the coronavirus known as COVID-19 throughout the City of Unalaska; and

WHEREAS, the use of CARES Act funds will expire on December 30, 2020 and no additional Federal or State relief has been provided to the City Unalaska; and

WHEREAS, the City of Unalaska, with Resolution 2020-71 extended the declaration of a local emergency through June 30, 2021; and

WHEREAS, it is expected that the need for City of Unalaska to continue their response and prevention efforts beyond December 30, 2020.

NOW THEREFORE, BE IT ENACTED BY THE UNALASKA CITY COUNCIL:

- Section 1. Classification: This is a non-code ordinance.
Section 2. Effective Date: This Emergency Ordinance becomes effective upon adoption.
Section 3. Content: The City of Unalaska FY21 Budget is amended as follows:

A. That the following sums of money are hereby accepted and the following sums of money are hereby authorized for expenditure.

B. The following are the changes by account line item:

Amendment #3 to Ordinance #2020-10

| | <u>Current</u> | <u>Requested</u> | <u>Revised</u> |
|-------------------------------------|----------------|------------------|----------------|
| I. OPERATING BUDGETS | | | |
| A. General Fund | | | |
| Sources: | | | |
| Appropriated Fund Balance | \$ - | \$ 1,000,000 | \$ 1,000,000 |
| Uses: | | | |
| Response Personnel Expenditures | \$ - | \$ 51,188 | \$ 51,188 |
| Response Operating Expenditures | \$ - | \$ 208,998 | \$ 208,998 |
| City Closure Personnel Expenditures | \$ - | \$ 739,814 | \$ 739,814 |
| | \$ - | \$ 1,000,000 | \$ 1,000,000 |

PASSED AND ADOPTED by a duly constituted quorum of the Unalaska City Council on December 15, 2020.

Vincent M. Tutiakoff, Sr.
Mayor

ATTEST:

Marjie Veeder, CMC
City Clerk

City of Unalaska
Summary of Budget Amendment and Schedule of Proposed Accounts
Budget Amendment 3 to the FY21 Budget

- 1) General Fund - Operating Budget
 Add \$51,188 to COVID-19 Emergency Response Personnel Expenditures
 Add \$739,814 to COVID-19 City Closure Personnel Expenditures
 Add \$208,998 to COVID-19 Response Operating Expenditures
 Add \$1,000,000 to Appropriated Fund Balance

| | Org | Object | Project | Current | Requested | Revised |
|---|----------|--------|---------|---------|---------------|--------------|
| 1) General Fund - Operating Budget | | | | | | |
| Sources: | | | | | | |
| Appropriated Fund Balance | 01010049 | 49900 | | \$ - | \$ 1,000,000 | \$ 1,000,000 |
| Uses: | | | | | | |
| <i>Response Personnel</i> | | | | | | |
| Salaries and Wages | 01020051 | 51100 | EM002 | \$ - | \$ 26,406 | \$ 26,406 |
| Temporary Employees | 01020051 | 51200 | EM002 | \$ - | \$ 12,438 | \$ 12,438 |
| Overtime | 01020051 | 51300 | EM002 | \$ - | \$ 1,000 | \$ 1,000 |
| Health Insurance Benefit | 01020051 | 52100 | EM002 | \$ - | \$ 2,000 | \$ 2,000 |
| FICA/Medicare Employer Match | 01020051 | 52200 | EM002 | \$ - | \$ 2,787 | \$ 2,787 |
| PERS Employer Benefit | 01020051 | 52300 | EM002 | \$ - | \$ 5,811 | \$ 5,811 |
| Unemployment Ins Benefit | 01020051 | 52400 | EM002 | \$ - | \$ 126 | \$ 126 |
| Workers Compensation Ins | 01020051 | 52500 | EM002 | \$ - | \$ 600 | \$ 600 |
| Other Employee Benefits | 01020051 | 52900 | EM002 | \$ - | \$ 20 | \$ 20 |
| | | | | \$ - | \$ 51,188.00 | \$ 51,188 |
| <i>City Closure Personnel</i> | | | | | | |
| Salaries and Wages | 01020051 | 51100 | EM004 | \$ - | \$ 489,555 | \$ 489,555 |
| Health Insurance Benefit | 01020051 | 52100 | EM004 | \$ - | \$ 100,000 | \$ 100,000 |
| FICA/Medicare Employer Match | 01020051 | 52200 | EM004 | \$ - | \$ 37,452 | \$ 37,452 |
| PERS Employer Benefit | 01020051 | 52300 | EM004 | \$ - | \$ 103,200 | \$ 103,200 |
| Unemployment Ins Benefit | 01020051 | 52400 | EM004 | \$ - | \$ 4,107 | \$ 4,107 |
| Workers Compensation Ins | 01020051 | 52500 | EM004 | \$ - | \$ 5,000 | \$ 5,000 |
| Other Employee Benefits | 01020051 | 52900 | EM004 | \$ - | \$ 500 | \$ 500 |
| | | | | \$ - | \$ 739,814.00 | \$ 739,814 |
| <i>Response Operating</i> | | | | | | |
| Buildings/Land Rental | 01020052 | 54410 | EM002 | \$ - | \$ 17,000 | \$ 17,000 |
| Electricity | 01020052 | 56220 | EM002 | \$ - | \$ 2,000 | \$ 2,000 |
| General Supplies | 01020052 | 56100 | EM002 | \$ - | \$ 129,348 | \$ 129,348 |
| Heating Oil | 01020052 | 56240 | EM002 | \$ - | \$ 600 | \$ 600 |
| Legal | 01020052 | 53230 | EM002 | \$ - | \$ 10,000 | \$ 10,000 |
| Network / Internet | 01020052 | 55320 | EM002 | \$ - | \$ 19,000 | \$ 19,000 |
| Other Professional | 01020052 | 53300 | EM002 | \$ - | \$ 30,000 | \$ 30,000 |
| Solid Waste | 01020052 | 54210 | EM002 | \$ - | \$ 250 | \$ 250 |
| Telephone / Fax / TV | 01020052 | 55310 | EM002 | \$ - | \$ 400 | \$ 400 |
| Water / Sewerage | 01020052 | 54110 | EM002 | \$ - | \$ 400 | \$ 400 |
| | | | | \$ - | \$ 208,998.00 | \$ 208,998 |

MEMORANDUM TO COUNCIL

To: Mayor and City Council Members
From: Jim Sharpe, Interim Finance Director
Through: Erin Reinders, City Manager
Date: December 15, 2020
Re: Ordinance 2020-16: Emergency Ordinance Creating Budget Amendment #3 to the Fiscal Year 2021 Budget, Creating an Appropriation for Costs Associated with the City Response to the COVID-19 Pandemic

SUMMARY: This emergency amendment to the City's budget will appropriate funds to cover ongoing costs of the City's COVID-19 response as a result of the expiration of the CARES Act funding.

PREVIOUS COUNCIL ACTION: Council adopted the Fiscal Year 2021 budget on June 9, 2020 with Ordinance 2019-10. There have been two prior amendments to the FY21 budget.

On March 18, 2020 council adopted Resolution 2020-16, declaring a local emergency and authorizing the city manager to take necessary actions to reduce the impact and spread of the coronavirus known as COVID-19 throughout the City of Unalaska. This expired on November 15, 2020 when the State's original emergency declaration expired.

On May 26, 2020 Council approved Resolution 2020-37 receiving the CARES Act grant award.

On November 10, 2020 Council approved Resolution 2020-71, and extended the local declaration of emergency and authorizing the city manager to take necessary action to reduce the impact and spread of COVID-19 through June 30, 2021.

BACKGROUND: On March 11, 2020, the World Health Organization declared a pandemic related to COVID-19. State and local emergencies were then declared. On March 12, 2020, the City of Unalaska stood up the Emergency Operations Center (EOC) to provide a framework for coordinated communications, preparedness and response.

Federal funding became available through the State of Alaska in the form of CARES Act. Use of the CARES Act grant monies will expire on December 30, 2020 and, while the possibility of additional federal and/or state relief remains probable, it appears that there will be a gap between the time the new funding is approved and when the City receives it. Furthermore, until that funding and related guidance is received, the City is unable to determine what costs will be covered by the funding.

DISCUSSION: This budget amendment will appropriate funds to enable the City to continue to provide response and prevention measures to the City and its employees. Based on costs associated with the items listed above, this request is for \$1,000,000 to be distributed between personnel and operating costs. Staff has identified areas that fall into this category as:

- Personnel costs associated with emergency hires to aid in response efforts or permanent employees' time spent working outside their regular job duties aiding in response efforts.

- Personnel costs associated with employee's staying home and hunkering down; while these costs are already budgeted within each department, it is staff's goal to track these costs for potential reimbursement, if additional aid is received.
- Costs associated with leasing and maintaining the isolation sites.
- Legal costs associated with ongoing COVID-19 related topics.
- Additional cleaning costs of City owned and leased buildings.
- Ongoing supplies to reduce the spread of COVID-19.

Staff also recommends that the costs associated with this request be accounted for using a non-departmental organization within the City's accounting system. Therefore, it will not impact any specific departmental budget.

While the CARES Act funding expires on December 30, 2020, based on the current state of COVID-19's impact on the City of Unalaska, there is no way to avoid the fact that the City will continue to incur expenses. If and when additional relief funds are available, any eligible costs will be paid for from that new funding source.

Even though the City has been in this state of Emergency since March 2020, the scope, magnitude and duration of the coronavirus pandemic's effects in Unalaska continue to remain unknown at this time, so it is not possible to ascertain what the total cost of the City's response will be. Additionally, given the relative uncertainty regarding the timing and amount of relief funds, there may be an additional need to come before Council requesting additional funds related to the City's response to COVID-19.

The appropriation created with this emergency budget amendment will expire 60 days after adoption without further action by the city council to convert this emergency budget amendment to a permanent budget amendment with a regular budget amendment ordinance. It is staff's intention to make this emergency budget amendment permanent in January 2021.

While the appropriation of these funds will technically come from the City's reserves, the full amount of the reserves appropriated for this request were made available through movement of Public Safety personnel costs from the General Fund to the CARES Act for the time period March 1, 2020 to June 30, 2020.

As an example, CARES Act guidance specifically stated that all public safety personnel costs were eligible costs. Therefore, the costs from March through June 30, 2020 were moved from the Public Safety and Fire budgets to the CARES Act budget. By doing so, those General Fund departments experienced relief in the amount of \$1,238,494, which ultimately went into the General Funds reserves on June 30, 2020.

Additional budgetary relief was provided by the CARES Act through its coverage of personnel costs related to the following:

- City closure from mid-March through the end of May
- Response related personnel costs, not public safety related
- Personnel costs associated with Federally mandated leave programs

The total of those three items is approximately \$1,800,000 and is spread throughout the City's governmental and business-type activities. Therefore, it would be extremely difficult to identify what specific budgets received budgetary relief through the use of CARES Act funds.

ALTERNATIVES:

Option 1: Not approve the ordinance, which would reduce the City's ability to respond to further needs throughout the City related to the COVID-19 pandemic and potentially limit the amount of health services available on island.

Option 2: Amend and approve an ordinance that includes different amounts or allocations

Option 3: Approve the ordinance as presented

FINANCIAL IMPLICATIONS: A non-departmental budget in the amount of \$1,000,000 would be created specifically for the purpose of providing continued COVID-19 related relief to the community and City employee's. The personnel funds associated with this budget amendment, totaling \$791,002, will allow for us to better track personnel related costs, and does not necessarily result in an increase to the City's overall spending for the fiscal year. However, the additional funds allow for limited emergency hires if needed as part of our response efforts. The operational funds associated with this budget amendment, totaling \$208,998, are additional costs but are offset by last year's CARES Act relief, as described above.

LEGAL: N/A

STAFF RECOMMENDATION: Staff recommends adopting Ordinance 2020-16.

PROPOSED MOTION: I move to approve Emergency Ordinance 2020-16 creating an amendment to the fiscal year 2021 budget, creating an appropriation for costs associated with the City continued response to the COVID-19 pandemic.

CITY MANAGER'S COMMENTS: I support staff's recommendation. I also thank our team for their dedication in responding to his emergency and continued efforts to do so in a responsible and transparent manor.